

Orthopedic Surgeons Urge CMS To Hold Off On RVU Reductions, Changes To Same Day, Indirect PE

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CMS' proposed 20% cuts to key orthopedic services are the most drastic ever and would likely cause practices to close or consolidate as well as threaten patient access to care, according to the American Academy of Orthopedic Surgeons (AAOS), which is asking the agency to not finalize reductions to relative value units in the draft 2027 physician pay rule and instead work on crafting stable, evidence-based pay.

Like numerous other physician groups, AAOS also opposes the proposal to reduce pay for certain same day services with a Modifier 25. The lobby also says CMS should hold off on changes to the indirect pay until it has done more research, including on the effects of a pay cut made last year.

In its lengthy comment letter, the lobby stresses how orthopedic surgeons are "the last frontier" of independent medical practice and have played a leading role in advancing value-based care -- both of which are threatened by the rule.

"AAOS implores CMS to recognize that this is not happening after years of increases," the lobby says. "CMS is proposing an outright, massive reduction of the actual dollar amount Medicare reimburses for these important services provided to Medicare patients."

"Taken together, these policies risk pushing independent orthopaedic practices past a tipping point," AAOS adds. "Continued reductions in physician payment would accelerate consolidation and undermine the Administration's stated goals of strengthening competition, preserving independent practice, promoting value-based care initiatives, and lowering costs for patients. In the process, Medicare beneficiaries will face fewer physician options, longer wait times, and delayed access to care."

AAOS specifically asks CMS to reverse the RVU reductions for four services: hemiarthroplasty (CPT 23470), total shoulder arthroplasty (CPT 23472), total hip arthroplasty (CPT 27130) and total knee arthroplasty (CPT 27447).

AAOS President Wilford Gibson elaborated on the lobbies' concerns in a recent interview, where he said the proposed cuts are the most drastic he's ever seen.

For the first time, the cut is deep enough that "we face of risk of not being able to cover costs," Gibson said.

Cuts of 20% are huge for anyone, he added, but these come on top of years of annual reductions. According to AAOS, if the agency finalizes the proposed cuts, it means since 2005, reimbursements will have dropped from 30% to nearly 40% for those services.

Margins are already tight, Gibson said. If practices can't make margins, some groups may look into private equity, others may opt out of Medicare and others may consolidate with hospitals.

Ultimately, patients, some of whom are already driving two or three counties away for appointments, will have to wait longer or drive farther for their care, Gibson said. Differing impacts of those RVU reductions could also cause friction within practices, he notes.

This is why the lobby is asking CMS to press pause on the proposed reductions. AAOS understands CMS' need to control costs and it is not asking for the status quo, Gibson emphasized. The lobby wants to see the data, understand CMS' reasoning and work with the agency on establishing evidence-based policies that reflect physicians' realities and preserve patient access to care.

AAOS also wants CMS to scrap the proposal to reduce reimbursement by 50% for services done by the same provider -- or group -- on the same day as a procedure in a 0-, 10- or 90-day global period.

Gibson explained the lobbies' concerns by describing a common scenario: A patient comes to the office complaining about knee pain and an X-ray indicates that while there's an issue with the patient's knee, the larger problem may be in their hip. The patient would then get an injection in the knee and return to the office for next steps.

But, under the proposed rule, the halved reimbursement for the shot may not make up for the time it takes to prepare and administer it.

Patients may be asked to return for further care, which can be a barrier in rural areas where some people already must drive through multiple counties for appointments.

“It really doesn’t make sense,” Gibson said.

AAOS' letter says while the lobby supports protecting against duplicative payments, CMS has not shown that separate E/M services identified with the Modifier 25 contain a uniform amount of duplicative physician work, practice expense and liability that justifies an across-the-board reduction -- nor that it should be 50%.

CMS also proposed several revisions to the indirect practice expense allocations, including phasing out the indirect practice cost index (IPCI).

“Changes of this magnitude call for a full and reasoned explanation of the proposed, the basis for departing from prior approaches, and data sufficient to support the proposed approach.” AAOS said. “The proposed rule does not provide that foundation.”

Last year, CMS reduced the indirect PE for doctors working in facilities by 50%, and the effect of that policy is still unclear.

“AAOS therefore urges CMS not to finalize the proposed elimination of the IPCI or other significant changes to the indirect PE methodology until the Agency has provided sufficient data and transparent modeling at the code and specialty levels, evaluated the effects of the CY 2026 PE changes, and meaningfully engaged affected specialties,” the letter says. -- Amy Lotven (alotven@iwpnews.com)