In what has become old news to OR managers, implant costs are up because of shifts to new technology, particularly for hips. And Medicare payments are flat.

The average price paid for hip and knee implants by U.S. hospitals increased 9% between 2002 and 2003, according to data compiled by Orthopedic Network News (ONN). The data was compiled from 34 hospitals that submit data to ONN for its annual survey of hip and knee implants.

The average hip or knee implant system cost $4,346, an increase of 9% over $3,997 in 2002. Total hips increased 12% to $5,341 per procedure, partly because of a shift to more expensive coatings of femoral components. The percentage of total hip implants in this survey that use coatings increased from 57% of cases in 2002 to 67% in 2003. A total hip system with a porous stem averaged $5,615 in 2003, while a cemented total hip system averaged $4,389.

Total knee prices increased 8% to $4,141 in 2003. The vast majority of total knee systems (74%) are those in which both the femoral and tibial component are cemented.

The price of partial hip systems, used mostly in fracture patients, increased 16% to $2,447. This increase reflected the shift toward higher technology bipolar hips (58%) and away from the modular or one-piece endoprostheses (35%), which cost significantly less than bipolar implants.

**New hip products carry higher prices**

In the past couple of years, there have been a number of new total hip products, all designed to decrease the amount of polyethylene wear debris from a total hip joint. All of these systems carry significantly higher prices to hospital customers.

Under the moniker of “alternative bearing surfaces,” they include:

- ceramic-on-ceramic systems (Stryker Orthopaedics, Wright Medical Group, and Encore Medical)
- metal-on-metal systems (Depuy, Biomet, Zimmer-Centerpulse, Wright Medical, and Encore)
- cross-linked polyethelyenes with wear resistance greater than traditional polyethelyenes.

From the ONN survey, the metal and/or ceramic liners captured 7% of the market, while cross-linked polyethylene liners accounted for 59% of the total hip liners, and traditional polyethelyenes were used in 34% of the total hips. The average selling price of a ceramic liner was $1,914 in 2003, while a metal liner was $1,246, a cross-linked poly liner was $910, and a traditional poly liner was $600 in the survey.

Although the ceramic, metal, or cross-linked liner is the most obvious of the additional costs of these systems, other costs are associated with their use, such as ceramic heads for use with the ceramic liners, and special acetabular shells designed for the ceramic or metal liners. Coupled with the reluctance of manufacturers to discount “new” technology, an alternative bearing total hip system can be double the price of a traditional hip system from several years ago. For example, the list price for Stryker’s ceramic-on-ceramic total hip system is over $10,000.

**Big push for unicompounded knees**

The big marketing push last year in knee systems was unicompounded knees, which replace either the lateral or medial condyle of the knee joint. A number of manufacturers have released (or re-released) their unicompounded knee systems partly in response to the need for “minimally invasive” surgery.
In the ONN survey, unicondylar knees accounted for 5% of the knees, although it has been noted that some hospitals perform unicondylar knees for 25% of their patients, while others do not use them at all.

**Scant increase from Medicare**

Though hospitals have been paying higher prices for joint prostheses, there is little increase in Medicare payments. The Centers for Medicare and Medicaid Services (CMS) released new payment rates Aug 2. Included was a 2.4% increase for hospitals treating DRG 209, the payment category most frequently used for hip and knee implants in the Medicare population. The average hospital will receive $10,073 for Medicare discharges with total joints beginning Oct 1.

In FY 2003, ONN estimated that Medicare paid more for total joint procedures than any other category of procedure, at $4.4 billion. This surpassed payments for tracheostomy ($3.6 billion); heart failure ($3.3 billion); rhythm management, including pacemakers and defibrillators at $3.2 billion; and coronary stents at $2.9 billion.

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