

## **Medicare Reimbursement in Orthopaedic Trauma: Decreasing Physician Payment, Despite Increasing Malpractice Coverage**

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**Purpose:** Medicare reimburses physicians based on three additive relative value units (RVUs): work, practice expense, and malpractice coverage. A recent study found that for orthopaedic trauma malpractice cases with plaintiff verdicts, the mean indemnity payment was \$3,778,657. As overall expenses continue to rise, it is becoming increasingly relevant to understand how each RVU type is changing over time, particularly regarding malpractice coverage in the increasingly litigious society of today. As such, this study analyzes change to RVU types over time in orthopaedic trauma.

**Methods:** The Physician Fee Schedule Look-Up Tool from the Centers for Medicare & Medicaid Services was queried for each of the 12 included CPT codes commonly utilized in orthopaedic trauma (23515, 23615, 24515, 24586, 27236, 27248, 26506, 27536, 27758, 27814, 27822, 27828). The mean work, practice expense, and malpractice RVU data were recorded for the years 2000 and 2019. Monetary data was adjusted for inflation to 2019 US dollars (USD) utilizing changes to the United States consumer price index (CPI). The total percent changes in RVUs were calculated based on these adjusted trends for all included procedures.

**Results:** After adjusting for inflation, total adjusted Medicare reimbursement for all procedures decreased by 32.5% between 2000 and 2019. The average total RVU decreased by 1.4%. The average work RVUs increased by 10.8%, while the practice expense RVUs decreased by 21.5%. The total average work payments decreased by 24.2%, and the total average practice expense payments decreased by 46.3%. Lastly, between 2000 and 2019, the malpractice RVUs increased by 111.6%, and the total average malpractice payment increased by 44.8%.

**Conclusion:** Medicare reimbursement for common surgical procedures has declined over the last 2 decades and is not keeping up with inflation. This trend is largely driven by the decrease to practice expense RVUs, despite a previous study demonstrating that practice expenses have actually increased by over 60% during this time. Additionally, malpractice payment is the only portion of RVU that has increased. It is likely that Medicare reimbursements are compensating for the increase in malpractice litigation and increasingly steep mean indemnity payments that are common in orthopaedic trauma.