March 31, 2020

The Honorable Eric D. Hargan
Deputy Secretary
U.S. Department of Health and Human Services
200 Independence Ave, SW
Washington, DC 20201

RE: Ramifications of COVID-19 on Orthopedic Surgeons and Elective Procedures

Dear Deputy Secretary Hargan:

On behalf of the 4,000 members of the American Association of Hip and Knee Surgeons ("AAHKS") and over 34,000 orthopaedic surgeons and residents represented by the American Association of Orthopaedic Surgeons ("AAOS"), we wish to sincerely thank President Trump, the leadership of the Department of Health and Human Services ("HHS"), and all of the staff of the HHS agencies who have been working tirelessly to protect and sustain the U.S. health care system during the COVID-19 pandemic.

AAHKS supports the Administration's March 18th announcement that elective procedures be delayed during the pandemic. Our members know this in the best interest of patients and public health and many of them took this action of their own accord before it was required. Nevertheless, the suspension of elective procedures is an unprecedented disruption, with cascading impacts on the health care system and its employees, that is yet to be fully addressed by policy makers. The Administration's health care relief to-date (including the ongoing release of 1135 waivers and the Centers for Medicare & Medicaid Services' ("CMS'") Accelerated and Advanced Payment Program) are important steps, but these actions relieve only those providers that are still providing services.

We write to raise several important issues for you to consider over the next few weeks as HHS plans next steps in response to the pandemic.

1. ***Include orthopedic surgeons as eligible for grants under the $100 billion allocation to the Public Health and Social Services Emergency Fund.*** Congress made these funds available for "health care providers for health care related expenses or lost revenues that are attributable to coronavirus." By suspending elective procedures, orthopedic surgeons are materially involved in limiting transmission among our patients "with possible or

actual cases of COVID-19." The lost revenue from these suspensions threatens the current employment of staff and the future capacity of our members to provide patient care.

2. ***CMS should decline to accept the recommendations to the AMA RUC to reduce Medicare reimbursement for hip and knee replacement in the 2021 Physician Fee Schedule Proposed Rule.*** As you are well aware, the AMA RVU Utilization Committee (RUC) recommended a 5.4% reduction to CPT codes 27447 and 27130. Such a Medicare reduction in 2021 is absolutely adverse to stated Administration goals for surgical practices, as employers, to maintain operations and staff levels following the pandemic.

3. ***Forgive losses in CMS Innovation Center models attributable to cancelled elective procedures and lopsided case mixes attributable to the response to the COVID-19 pandemic***. We are also alarmed by the potential exposure of infection to current BPCI-A and CJR post-acute patients; more so because this patient population is expected to have a larger concentration of "high risk" patients. As a consequence, these patients may have higher instances of readmissions or complications. This will have an adverse impact on target price rates for these episodes and health outcomes of patients. We look forward to working with CMS Innovation Center leaders on adjusting these models for changes outside the control of participants.

To help illustrate current need, we are attaching the AAHKS COVID-19 Economic Impact Statement, which enumerates on-the-ground feedback from our members of the pandemic's impact on their practices. A statement on COVID-19 from the AAOS Immediate Past President can be reviewed here: https://www.aaos.org/about/covid-19-information-for-our-members/message-from-aaos-president/.

We understand that we are in unprecedented times and no one can predict the total disruption COVID-19 will impose on our health system. We are grateful for your dedication and focus on the nation's safety and welfare at this time, and we look forward to HHS actions to mitigate the impact on providers of elective procedures at this time.

***

If you have any questions, you can reach Mike Zarski at mzarski@aahks.org or Joshua Kerr at jkerr@aahks.org.

Sincerely,

C. Lowry Barnes, MD
President, AAHKS

Michael J. Zarski, JD
Executive Director, AAHKS

Joseph A. Bosco, III, MD, FAAOS
President, AAOS

cc: Seema Verma, Administrator, CMS
Demetrios Kouzoukas, Principal Deputy Administrator, CMS
Brad Smith, Deputy Administrator and Director, CMS Innovation Center
Dr. Robert Kadlec, Assistant Secretary for Preparedness and Response
James Parker, Senior Advisor
Dr. Thomas Keane, Senior Advisor

Richard Iorio, MD, 1st Vice President, AAHKS
Bryan D. Springer, MD, 2nd Vice President, AAHKS
David A. Halsey, MD, 3rd Vice President, AAHKS
James I. Huddleston, MD, Chair, Health Policy Council

Daniel K. Guy, MD, FAAOS, First Vice-President, AAOS
Felix H. "Buddy" Savoie, III, MD, Second Vice-President, AAOS
Thomas E. Arend, Jr., Esq., CAE, CEO, AAOS
William O. Shaffer, MD, FAAOS, Medical Director, AAOS

AAHKS
AMERICAN ASSOCIATION OF HIP AND KNEE SURGEONS

OFFICE: 847-698-1200 • FAX: 847-698-0704 • WEB: www.AAHKS.org
9400 W. Higgins Rd., Suite 230 • Rosemont, IL USA 60018-4976

March 27, 2020

The American Association of Hip and Knee Surgeons COVID-19 Economic Impact Statement

The American Association of Hip and Knee Surgeons (AAHKS) represents over 4,000 American surgeons whose practices are focused on total joint replacement. They represent the providers of the great majority of the estimated 900,000 total hip and knee replacements performed each year in the US. There are an estimated 25,000 orthopaedic surgeons in practice and approximately 30% state total hip and total knee arthroplasty are their focus.

Total hip and knee replacements have been calculated to provide a net return to society of close to $30,000 per patient even after total costs are subtracted. They represent a very low cost per quality life year and provide 91%-95% patient satisfaction.

Both procedures are elective and require significant medical resources. Because of the unprecedented current regional and expected national impact on hospitals and other healthcare facilities from the COVID-19 pandemic, hospitals and surgeons have collaborated to defer such elective surgeries for a period of time that might be as long as three months. In addition to freeing resources for overburdened hospitals, protecting patients through medically necessary social distancing also causes deferral of office visits that are not emergent/urgent.

Because the sub-specialty of adult reconstruction is uniquely affected by the great majority of their cases being elective, AAHKS administered a poll on March 23 to assess the effect of COVID-19 on its members. It should be kept in mind that the great majority of the country outside of Washington and New York were still early in the ascendancy phase of the pandemic.

The results of the poll were alarming. Over 700 surgeons completed the poll, representing a robust response rate. Key findings were:

- 82% report that their hospital has stopped elective inpatient surgery.
- 91% reported their clinic volume as reduced due to the pandemic.
- 67% reported as effectively not working due to institutional or self-imposed deferral of elective surgery.
- 73% reported confirmed COVID-19 cases having occurred in their community or institution.
- The responding surgeons gave estimates of being able to maintain their practices over a range of 2-12 weeks.

The open responses were replete with reports of multiple significant problems representing a high level of concern and there were requests for information and action to help keep their small businesses from closing.

Aside from the poll results, the basic economics of maintaining a surgical practice are intolerant of down-time. Many of our younger surgeons now have hundreds of thousands of education debt. Over the last 20 years, when accounting for inflation, the marginal reimbursement for total joint replacement has dropped by 40% and ongoing pressure for further cuts have exposed significant elasticity in continuing in or entering the sub-specialty. The effects of the pandemic represents a potential tipping point.

That tipping point has already been reached: *Mass Live* reported on March 24 that, because of being required to stop elective surgeries due to the pandemic, one large Massachusetts orthopaedic group had furloughed 168 employees and stopped payments to its 18 surgeons. It should be noted that this was early in the national effort to flatten the pandemic curve.

A conservative estimate of the number of full time employees (FTEs) that support a surgeon in their practice is six. If the number of surgeons focused on total joint replacement is accepted as 8,000, the number of potentially affected workers other than surgeons is 48,000. With an estimated average overhead of 60%, the yearly payroll estimate for this one subspecialty is 38.4 billion dollars.

It is our request that adult reconstruction be recognized as an already economically challenged critical sub-specialty that has all of the economic pressures of any small business compounded by increasing regulation and participation in CMS-led alternative payment models. Practices will be pushed to the limit by being shut down, and access to appropriate Federal assistance to climb out the other side of this pandemic will be needed.

There will be huge deferred need for pain relief and return to function for arthritic patients currently being asked to wait until the pandemic is over. We are ready to provide the total knee and hip replacements that will meet their needs. The hip and knee surgeons are the heart of the profession that is most likely to get America moving again when it has healed. We are asking for some help to keep us moving towards that goal.