

Protecting Medicare Beneficiaries' Access to Orthopaedic Care

On July 14, 2026, the Centers for Medicare & Medicaid Services (CMS) released the Calendar Year (CY) 2027 Medicare Physician Fee Schedule (MPFS) Proposed Rule. Public comments are due Sept. 14, and the final rule is expected by Nov. 1. The proposed rule contains policies that, taken together, represent one of the most significant threats to independent orthopedic practice in decades. If finalized, these policies would accelerate consolidation into hospital systems, reduce patient choice, and jeopardize Medicare beneficiaries' timely access to community-based musculoskeletal care.

While each proposal detailed below is concerning individually, together they would reduce Medicare payment to orthopaedic surgeons by approximately **7 percent** in 2027 before an additional projected **1.19 to 1.68 percent** reduction from the CY 2027 conversion factor.

AAOS Principal Concerns



01 Approximately 20 Percent Reductions for Major Joint Replacement Procedures

CMS proposes approximately **20 percent payment reductions** for major joint replacement procedures, including total hip arthroplasty, total knee arthroplasty, total shoulder arthroplasty, and shoulder hemiarthroplasty.

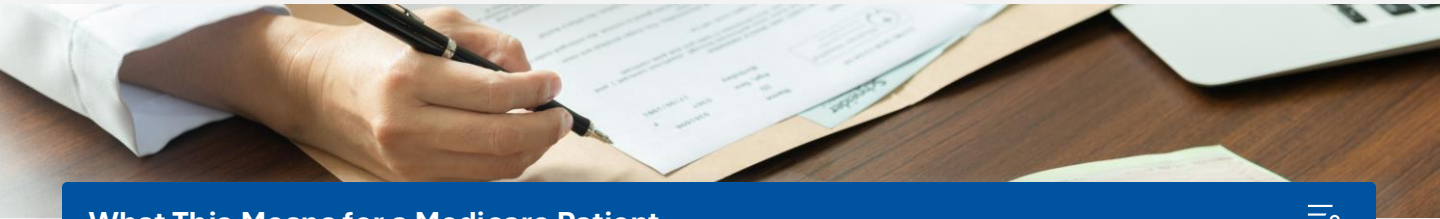
Total joint replacement is among the most successful procedures in modern medicine, restoring mobility, relieving pain, reducing disability, and allowing millions of Medicare beneficiaries to remain independent. Yet CMS has not demonstrated that payment reductions below current values are supported by sufficient evidence. Instead, CMS relies heavily on reported reductions in operating time as these procedures have migrated to outpatient settings, even though that migration reflects advances in surgical techniques, anesthesia, implants, enhanced recovery protocols, and care coordination—not a corresponding reduction in physician work, intensity, or clinical complexity. In effect, physicians are being penalized for the same transition to lower-cost outpatient care that Congress has long encouraged.

Using Medicare claims data, ADVI Health LLC (ADVI) conducted a longitudinal study of the complexity of Medicare beneficiaries receiving major joint procedures, including before and after these codes were removed from the Inpatient Only List (IPO). The analysis found that migration to outpatient and ambulatory surgery center settings did not coincide with reduced patient complexity. Because patients remain similarly complex and the hip and knee procedures themselves have not meaningfully changed, AAOS believes the current 2026 physician work valuations remain appropriate. Accordingly, we ask CMS to withdraw these cuts, freeze payment rates for these codes at 2026 levels, and work with physicians to determine rates that reflect clinical reality.

02 Same-Day E/M and Global Procedure Payment Reduction Proposal

CMS proposes a 50 percent payment reduction to the lower-cost service when a physician provides a separately identifiable office/outpatient E/M service on the same day as a procedure with a 0-, 10-, or 90-day global period. The reduction would apply automatically even when both services are medically necessary, separately identifiable, fully documented, and appropriately billed with Modifier 25.

CMS seeks to justify this reduction by analogizing it to the Multiple Procedure Payment Reduction (MPPR), which recognizes efficiencies when multiple similar services are furnished together (e.g., two surgeries). But that analogy does not fit. An E/M visit and a procedure are distinct clinical services—not duplicative procedures. The E/M involves the evaluation, diagnosis, and medical decision-making that may determine whether a procedure is necessary at all. Moreover, existing valuation processes already account for overlap when services are typically furnished together. CMS has not demonstrated that an additional across-the-board 50 percent reduction reflects actual duplication in physician work or resources.



What This Means for a Medicare Patient



Patient 1:

Suspected infected knee joint — a same-day aspiration that cannot wait. A 72-year-old established patient presents with two days of a hot, swollen, painful knee and low-grade fever. The evaluation raises concern for septic arthritis, and the standard of care is immediate arthrocentesis (CPT 20610/20611) to obtain synovial fluid for cell count, Gram stain, and culture. A septic joint can destroy articular cartilage within days and can progress to sepsis; hours matter. The patient does not come in "for an aspiration" — they come in with a painful knee, and only the E/M evaluation reveals that an urgent aspiration is needed.

Why Congress Should Care



Orthopaedic surgery remains among the last major medical specialties in which approximately **50 percent of physicians continue to practice independently**. These community-based practices provide high-quality, efficient, and cost-effective care while preserving competition, expanding patient choice, and increasingly performing procedures in ambulatory surgery centers that lower Medicare spending.

If finalized, these proposals would accelerate consolidation into hospital systems by placing significant financial pressure on independent practices. Once community-based practices are acquired or close, those care options rarely return, leaving Medicare beneficiaries with fewer choices, longer wait times, and higher healthcare costs.

AAOS respectfully requests that Members of Congress ACT NOW to:



- 01. Engage CMS immediately** regarding the cumulative impact of the CY 2027 MPFS Proposed Rule on independent physician practices and Medicare beneficiary access, encourage the Agency to work with physicians to develop stable, evidence-based payment policies that preserve patient access, strengthen independent practice, and advance physician-led value-based care.
- 02. Urge CMS to withdraw** the proposed payment reductions for major joint replacement procedures.
- 03. Encourage CMS to withdraw** the proposed payment reduction for same-day office/outpatient E/M visits furnished with procedures that have **0-, 10-, or 90-day global periods**.