



Pennsylvania r t h o p a e d i c s

Newsletter of the Pennsylvania Orthopaedic Society

Winter 2006

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President's Message . . .

Joshua Port, MD



Elvis Presley had his first Billboard hit with "Heartbreak Hotel," the Philadelphia Warriors defeated the Fort Wayne Pistons for the NBA Championship, Dwight D. Eisenhower was re-elected President of the United States, George M. Leader of York was Governor of Pennsylvania and The Pennsylvania Orthopaedic Society was born. The year was 1956.

This year, as we mark **50 Years and Growing Stronger**, we celebrate the profound advances and innovations in the treatment of bone, muscle and joint injuries, and disease here in Pennsylvania.

The words of **Dr. Richard K. White** in his letter of invitation to Pennsylvania's orthopaedic surgeons are as valid today as they were in 1956. He described the value of an orthopaedic society saying, "It is desired to bring up and to discuss current problems which one meets in the everyday practice of orthopaedic surgery."

Today, these principles remain as our mission to enhance our members' ability to provide high quality musculoskeletal care to patients through the promotion of continuing medical education and physician professionalism and collegiality.

According to a society history penned by **Stephen Bosacco, M.D.**, the first POS meeting featured four member presentations on practical orthopaedic topics and a lawyer presentation on "The new compensation law and its relationship to the orthopaedic surgeon."

Similarly, our society this year is engaged in efforts to address the state's workers' compensation law, abatement from the state's excess medical liability insurance costs, common sense medical liability reforms and reimbursement issues.

As our society has matured, we have flexed our muscle on Capitol Hill, leading efforts to finance 100% abatement for orthopaedic and other specialty surgeons from the state's MCARE surcharges. We have worked to preserve the workers' compensation fee schedule in order to ensure patient access to quality orthopaedic care.

POS has grown to be a key voice for specialty medicine with bipartisan credibility and respect in the Governor's office as well as in the House and Senate. A vital component to this strength has been the support provided through our political action committee, OrthoPAC. OrthoPAC has become a preeminent resource for supporting candidates for public office in Harrisburg who have an understanding of the challenges facing orthopaedic surgeons and a commitment to quality orthopaedic medicine.

This year promises to be a very active campaign year. Governor Ed Rendell and Lt. Governor Catherine Baker Knoll, U.S. Senator Rick Santorum, half of the state Senate and the entire House are up for election in 2006. It's up to you, our members, to support OrthoPAC. Additionally, as dozens of experienced lawmakers retire this year, we'll look to you to help us develop new relationships with a large number of potential "freshman" legislators.

We owe much to Dr. White and his colleagues who recognized the power that a unified voice for orthopaedic medicine could have in Harrisburg. We honor their service with our anniversary celebration and our dedication to work together to further excellence in orthopaedic medicine here in Pennsylvania.

Rousing Fall Scientific Meeting Held in Pittsburgh

Drs. Hari P. Bezwada and Stephen J. Bosacco, co-program chairmen, planned and executed “one of the best POS meetings in the past twenty years” according to the completed evaluations submitted following the fall meeting held at the Omni William Penn Hotel in Pittsburgh. “Controversies in Hip and Knee Arthroplasty” claimed the attention of the audience throughout the two-day

Hackensack, New Jersey; and Alfred J. Tria Jr., MD, Clinical Professor of Orthopaedic Surgery, Robert Wood Johnson Medical School, Camden, New Jersey.

Senator Jeff Picolla (R) District 15, a POS champion in the fight for medical liability reform, spoke at the POS luncheon on November 17 where he was named POS 2005 Legislator of the Year and presented a commemorative plaque.



POS President, P. Christopher Metzger, MD, presents a plaque to Senator Jeff Picolla (R).



l to r: Drs. Lewis Sharps, Chip Hummer, Joshua Port, Sen. Jeffrey Picolla, Drs. Chris Metzger, William Markmann, Dick Schmidt, and Barry Snyder.



Lunch in the Urban Room offered a pleasant social opportunity for physicians, staff, exhibitors and sponsors to get-together.



“Now this is definitely a leadership circle . . .”

session with its exciting roster of speakers, case challenges, point-counterpoint sessions, and interesting video vignettes.

Guest speakers included Gerard A. Engh, MD, Director, Knee Research, Anderson Orthopaedic Research Institute, Alexandria, Virginia; Mark A. Hartzband, MD, Director, Joint Replacement Service, Hackensack University Medical Center,



Doing a little “catching up” with friends, colleagues and exhibitors during one of the meeting’s breaks.



POS and its many supporters enjoyed a “full house” at the Omni William Penn.



Taking time out for a little fun—Josh Port checks out Thomas Muzzonigro’s golf swing.

REMINDER:

As part of our 50th Anniversary **50 Years and Growing Stronger** celebration, POS is collecting information on orthopaedic advances and orthopaedic surgeons who pioneered new techniques in Pennsylvania.

Also, we would love to hear your recollections about your orthopaedic mentors or and your other interesting orthopaedic-related experiences in PA.

Please send your Top 10 list and your stories to info@paorthosociety.org

Renewed Interest Grows in Physician/Hospital Gainsharing

I. What is Gainsharing?

The basic idea of gainsharing is for physicians and hospitals to work together to find ways to cut costs or improve efficiency within the hospital. Some portion of whatever savings the hospital realizes as a result is then shared with the physicians. Since physicians are directly or indirectly in control of 75-80% of hospital spending, it is logical for hospitals to look to physicians to find ways to control costs. Gainsharing methods being considered include streamlining medical device purchases, scheduling operating rooms more efficiently, and using supplies more effectively.

When the incongruities in the Medicare payment system are considered, the reasons for interest in gainsharing become even more apparent. The Medicare system pays hospitals a fixed amount based on diagnosis, but pays physicians on a fee schedule where the more a physician does, the more he or she is compensated. In practice, this means hospitals have incentives to limit costs for treatment that physicians do not. Gainsharing represents an attempt to motivate physicians to pay attention to cost drivers that the current payment system does not.

Attempts to decrease supply costs can be problematic, especially when it is done by standardizing products and reducing the number of suppliers. Many of the best opportunities to save involve items of intense loyalty among physicians, such as orthopaedic implants. Because it is the hospitals that must deal with the high prices of these items, physicians generally have no incentive to reconsider their product choices. Gainsharing efforts can fail when physicians will not agree to switch suppliers.

II. History

Concepts of gainsharing began to attract interest in the late 1980s when the predecessor to the CMMS began a demonstration project for savings in heart surgery. Early moves towards gainsharing were put to an end in July 1999 when the HHS Office of Inspector General (OIG) published a Special Advisory Bulletin warning hospitals that such deals could violate the Federal Civil Monetary Penalties Statute (discussed below) as well as possibly violating anti-kickback and physician self-referral laws. However, in 2005, the OIG reversed this position (somewhat) in five separate advisory opinions. These opinions, apparently reflecting the growing demand to find new ways to cut costs, have brought gainsharing back from its dormant state. These opinions do not give carte blanche to create gainsharing, though—the OIG has included a variety of limits and safeguards. The OIG is NOT saying that gainsharing in any form is appropriate and won't result in enforcement action.

addressed in the new OIG opinions would still come into play. These laws are written to prevent physicians from referring patients to an entity with which the physician has a financial relationship unless the relationship fits within an exception.

In the case of tax-exempt organizations, tax issues such as private inurement, private benefit, and management contract constraints must also be taken into consideration. The OIG opinions give some indications about how gainsharing arrangements could be structured to avoid these legal problems, but experts are divided over if it would be safe to enter a gainsharing agreement that follows these guidelines, or whether each and every arrangement should seek its own OIG approval.

In a March 2005 statement, MedPAC also came out in favor of gainsharing. Gainsharing arrangements can have many of the same financial benefits of physician-owned specialty hospitals. Since MedPAC has been against physician ownership of specialty hospitals, the idea is that by allowing gainsharing, physicians might be able to get the financial rewards they are looking for without actually joining a specialty hospital.

III. Types of Gainsharing

There have been a number of models for gainsharing developed. These include:

Efficient Purchasing

Hospital and physicians agree on common supplies, drugs, or devices. The costs that are saved are shared by the doctors and the hospital. In this model of gainsharing, the hospital can suggest using an approved device or product.

Departmental Budgeting

If departmental costs are below defined goals, the hospital pays physicians a percentage of the cost savings.

Buy a Protocol

Physicians attend meetings where they develop cost saving protocols that can be used by the hospital. The hospitals pay the physicians an hourly rate for this, and can also pay incentive bonuses, such as a percentage of the cost savings.

Case Management

Case management guidelines are jointly created for specific conditions. The physicians then work with the hospital's case management staff so that the treatment of patients will fall within these guidelines. Physicians would be paid both for the guideline development and also for case management.

(please turn to page 7)

Pennsylvania Orthopaedic Society

Thank you POS Meeting Supporters

POS extends a sincere thank you to the following companies for their support of its 2005 scientific meeting in Pittsburgh.

Aesculap, Inc.	Genzyme	RS Medical
AllMeds, Inc.	Biosurgery	Sanofi-Aventis
Arthrotek	Glaxo Smith	Pharmaceuticals
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Centers Rehab	Innomed	Southwood
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Medical Products	LifeNet	Company
Community	Medstrap	Stryker
Tissue Services	MTF	Instruments
Depuy Mitek	Nat'l Rehab	Stryker
Depuy Spine	Orthotics	Orthopaedics
Depuy	Orthopedic	Swissray
Doctor's	Products Sales	International
Advocate	OrthoVision /	Synthes
EBI Medical	Donjoy	Tri-State
Systems/Biomet	PA Medical	Imaging
Exactech	Physical	USS Sports
Exscribe	Rehabilitation	Medicine
Flack Financial	Mgmt. Services	Wright Medical
Group	Physician Owned	/ Arthrex
	Surgery Centers	Zimmer

Congressional Action Freezes Payments at 2005 Levels

The House-Senate Conference Budget Reconciliation Bill, as passed by the U.S. House of Representatives February 2, 2006, contains several provisions of interest to orthopaedic surgeons:

- The 4.4 percent Medicare payment cut was halted, and thus, the Medicare conversion factor was frozen at the 2005 level. (However, regulatory changes in other parts of the payment formula are still in effect, such as relative value units (RVUs) and geographical adjusters, which may result in different payment levels from 2005 for some orthopaedic procedures). **The claims adjustment process will likely take several weeks, and physicians do not have to resubmit claims. In addition, Centers for Medicare and Medicaid Services (CMS) will reopen the 45-day period in which physicians may change their 2006 Medicare participation status. Changes will be retroactive to Jan. 1, and claims will be adjusted to reflect the change in status.**
- There were no pay-for-performance mandates for physicians. However, physicians can expect CMS to move forward under its Medicare authority to implement value-based purchasing structures through nationwide demonstration projects.
- Gainsharing demonstration projects can now be developed. Applications for demonstration projects will be solicited later this year. Up to six projects can be approved by the Secretary of the Department of Health and Human Services (HHS).
- Payment cuts for imaging services and treatment in ambulatory surgical centers (ASCs) will be implemented in 2007. Payment for imaging services was decreased by as much as 50 percent by setting the reimbursement level at the lesser of the Medicare hospital outpatient department fee schedule payment or the physician fee schedule technical component. Payment rates for services delivered in ASCs cannot exceed payment rates for the same services reimbursed to hospital outpatient departments. Approximately 106 orthopaedic codes are affected.
- Issuance of Medicare provider numbers for new Single Specialty Hospitals was suspended, until the earlier of six months or when the Secretary of HHS issues a strategic implementation plan for these hospitals that examines and addresses investments and care for low income and uninsured patients.

FALL 2005 SCIENTIFIC MEETING SPONSORS:

Thank You For Your Generous Sponsorships:

Biomet /Sky Medical

Centers Rehab Services

Depuy (a Johnson & Johnson Co.)

Genzyme Biosurgery

National Rehab Orthotics

Stryker Orthopaedics

Zimmer

Workers' Comp Increase for 2006 is 4.05%

Fees for workers' comp services performed on or after January 1, 2006 are calculated and paid in the following manner:

2006 WC Fee = 1994 WC Fee
Schedule X 1.713 (171.3%)

This formula does not apply to new and revised codes. (See below)*

All workers' comp insurance carriers and self-insured employers have received notice of the 4.05% increase from the Bureau of Workers' Comp in Harrisburg. For your convenience, a copy of this notice is printed on page 8 of this newsletter (*see back page*). Forwarding a copy of this notice with your 2006 claims may be helpful to insuring that you are paid at the updated rate.

Auto Reimbursement

To calculate fees for 2006 auto claims, multiply the 2005 Medicare rate by 110%. If you have any questions, please call POS at 888/772-7900.

2006 WC Fee Schedule Available

Check your actual workers' comp reimbursements against what they should be, according to law.

Available in hard copy or CD, this POS member benefit lists the 2006 workers' comp fees as published by the PA Bureau of Workers' Compensation for all CPT and HCPCS codes conceivably used by an orthopaedic practice.

To order, complete the information in the box below and mail or fax to:

Pennsylvania Orthopaedic Society
500 North Third Street, 11th Floor
Harrisburg, PA 17101-1111
Fax: 717-909-8906

If you have any questions, please call Kathy DeWittie (POS) at 888/772-7900.

Workers' Compensation Training Offered

The Bureau of Workers' Compensation will be providing training sessions in March and April to assist insurers, self-insured employers, healthcare providers, and vendors in understanding workers' compensation medical billing and payment processes, as well as the workers' compensation fee schedule. The spring 2006 training sessions provide valuable information for all parties involved in the medical billing and payment aspects of workers' compensation. Questions? Contact Karla Henneman at 717-787-3486 or khennehan@state.pa.us. For more information go to: <http://www.dli.state.pa.us/>

Practice Name: _____

Attention: _____

Address: _____

City:State:Zip: _____

County: _____ Phone: _____

Medicare Area # (if known) _____

2006 WC Fee Schedule

_____ HARD COPY (50+ pages on three-hole paper) @ \$55 for POS members; \$85 for non-members \$ _____

_____ CD - Microsoft Excel 2002 _____ @ \$55 for POS members; \$85 for non-members \$ _____

Check enclosed payable to the *Pennsylvania Orthopaedic Society* or Charge my credit card: VISA MC AMEX

Card # _____ CVN # _____ Exp. date _____

Cardholder Name _____

Your fee schedule will be mailed within two weeks of receipt of order.

* Notice to Practices Who Have Ordered the WC Fee Schedule in Prior Years:

You are advised to order a new fee schedule each year because your old schedule will not contain truly new and revised codes. Revising your old schedule will result in inaccurate information.

ORTHOPAEDIC CALENDAR

Pennsylvania Orthopaedic Society Meetings

—50 Years and Growing Stronger

POS 2006 Coding Seminars

"Successful Orthopaedic Coding and Reimbursement in 2006"

April 20, 2006

The Westin Convention Center

Pittsburgh, PA

April 27, 2006

The Hilton Philadelphia City Avenue

Philadelphia, PA 19131

POS 2006 Spring Scientific Meeting

"Upper Extremity—Shoulder-to-the-Hand Arthroplasty, Trauma and Arthroscopy"

May 4-6, 2006

Atlantis, Paradise Island, The Bahamas

POS 2006 Fall Scientific Meeting

"The Comprehensive Knee —Sports, Trauma, and Reconstruction"

November 16 & 17, 2006

Park Hyatt at The Bellevue, Philadelphia, PA

POS 2007 Spring Scientific Meeting

May 10-12, 2007

Four Seasons – Scottsdale Troon North, Scottsdale, AZ

POS 2007 Fall Scientific Meeting

November 8 & 9, 2007

Nemacolin Woodlands, PA

Philadelphia Orthopaedic Society Meetings

February 13, 2006

Scott Steinmann, MD – Moore Lecture

"Arthroscopic Treatment of Elbow Arthritis"

April 10, 2006

Henry H. Bohlman, MD – Rechtman Lecture

"Thirty Years of Spine Surgery: An Evolution"

May 8, 2006

Resident Bowl

Practice Management Symposium Planned for Practicing Orthopaedic Surgeons

The Practice Management Symposium for Practicing Orthopaedic Surgeons, will be offered at the 2006 AAOS Annual Meeting in Chicago on Tuesday, March 21, 2006.

This year's program will focus on solo and small group practices. Topics will include strategies for increasing practice net income, approaches for building your staff's team spirit, improving patient relations, managing risk, tips for achieving compliance with federal regulations, and practical solutions to the organizational problems that frequently arise when orthopaedic practices grow and expand. Speakers will include orthopaedic surgeons and administrators as well as nationally recognized outside consultants and practice advisors.

For more information, visit www.aaos.org.

New Members Welcomed

Active:

Albert Cecchini, DO
York

Julius Huebner, MD
Pittsburgh

Mark Lazarus, MD
Philadelphia

Wayne Luchetti, MD
Bethlehem

Associate:

Joseph Abboud, MD
Philadelphia

Jeffrey Nechleba, MD
Erie

Jonathan Rosenfeld, MD
Bryn Mawr

Pennsylvania Orthopaedic Society 2006 Spring Scientific Meeting

*"Upper Extremity—
Shoulder-to-the-Hand Arthroplasty,
Trauma and Arthroscopy"*

May 4-6, 2006

Atlantis, Paradise Island
The Bahamas



Contact POS for more information: 888.772.7900 or
nan@paorthosociety.org

Renewed Interest in Gainsharing

(continued from page 3)

Managed Care

Physicians and hospitals offer their services jointly under an agreement with health plans. The savings are split between the physicians and the hospital.

Joint Venture

Particular departments or services are outsourced to a joint venture owned by both the hospital and interested physicians.

IV. Regulatory and Legal Concerns

Key legal issues to be concerned with in setting up a gainsharing program include:

1. The Federal Civil Monetary Penalties Statute which prevents hospitals from making payments to physicians as an inducement to reduce or limit services provided to Medicare or Medicaid patients who are under the care of the physician.
2. State and federal anti-kickback laws which prohibit parties from paying or receiving any payment for referring patients.
3. State and federal self-referral laws.

V. Ethical Concerns

Gainsharing is only acceptable to the degree that it doesn't lower quality of care.

There are concerns that the push to find savings could take precedence over selecting the best device for the patient which could result in a lower quality of care. There are also concerns that hospitals might force physicians into gainsharing relationships, instead of approaching it as a voluntary and collaborative effort.

Some medical device makers believe gainsharing could leave them at a competitive disadvantage. While the advisory opinions specify protections to ensure physician decisions are respected and that patient care cannot take a back seat to cost cutting, there are no guarantees that physicians won't feel pressured into making purchasing decisions in a way that hurts smaller device manufacturers.

The OIG has been clear that it remains wary about the possibility of abuse and will keep a close watch to ensure physicians aren't pressured into making decisions about which devices to use based on financial considerations.

Second Annual 3PSC Golf Tournament

Look for information this spring

POS To Hold Coding Seminar

"Successful Orthopaedic Coding and Reimbursement in 2006" will be presented by **Mary LeGrand, RN, MA, CCS-P, CPC**, of **KarenZupko & Associates, Inc.** on the following dates and venues:

Thursday, April 20

7:00 am to 2:00 pm

Westin Convention

Center

1000 Penn Avenue

Pittsburgh, PA 15222

Thursday, April 27

7:00 am to 2:00 pm

Hilton Philadelphia

City Avenue

4200 City Avenue

Philadelphia, PA 19131

The cost for a POS member or staff is **\$245 if paid before March 15** or **\$295 if paid after March 15**. The cost for non-POS member or staff is **\$345 before March 15** or **\$395 after March 15**. The fee includes course instruction, course book, continental breakfast, and lunch (Please call for group rates).

For more information please call Colin Gabler at 717-909-8901 or email at colin@paorthosociety.org. The registration deadline is Friday, March 31, 2006.

Your Words Can Make a Difference

Talk to your patients about domestic violence

—it could save a life.

Domestic violence is the leading cause of female homicides and injury-related death during pregnancy. Population-based studies indicate that nearly one-third of American women will experience abuse by an intimate partner during their lifetimes.

Healthcare professionals can play an important role in identifying and preventing domestic violence by screening patients with injuries that could have been sustained from physical abuse. Screening for abuse with patients who do not have a history of domestic violence is an opportunity for primary prevention—early identification of domestic violence can help victims escape before the violence escalates.

Screening can inform patients that domestic violence is an important healthcare issue and also lets them know the healthcare provider is a safe person to talk to if they ever experience abuse. Victims of domestic violence report that the most important factor in interactions with healthcare providers was being listened to about the abuse.

Information about helping your patient who is experiencing domestic violence is available at <http://www.endabuse.org>.



Pennsylvania Orthopaedic Society

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NOTICES

DEPARTMENT OF LABOR AND INDUSTRY

Maximum Pennsylvania Workers' Compensation Payable

[36 Pa.B. 450]

Based upon the Statewide Average Weekly Wage, as determined by the Department of Labor and Industry for the fiscal year ending June 30, 2005, the maximum compensation payable under sections 105.1 and 105.2 of the Workers' Compensation Act (77 P. S. §§ 25.1 and 25.2) shall be \$745 per week for injuries occurring on and after January 1, 2006. For purposes of calculating the update to payments for medical treatment rendered on and after January 1, 2006, the percentage increase in the Statewide Average Weekly Wage is 4.05%

STEPHEN M. SCHMERIN
Secretary

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