Trends in Commercial Insurance Payments to Hospitals and Physicians for Spinal Fusion Procedures

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Introduction: Hospitals looking to maximize revenue are focusing on high growth, profitable procedures. Spinal fusions represent one of the fastest growing and most profitable procedures performed in hospitals. This is due in part to the payer mix of spinal fusion procedures trending towards a higher percentage of commercially insured patients. Commercial hospital and physician payments for spinal fusion procedures are not well documented in the literature. The purpose of this analysis was to identify the trends in the commercial insurance hospital and physician payments for all spinal fusion procedures. Methods: Commercial insurance claims from Thomson Reuters MarketScan® databases were analyzed. This dataset represents 123,284 inpatient admissions for spinal fusion between January 1, 2003 and June 30, 2009. The average payments for hospitals and physicians were calculated for the entire population and for subsets by procedure type. Calculations included average yearly reimbursement rates which were used to report compound annual growth rates (CAGR).

Results: From 2003 through 2009 the combined average hospital payment increased $14,395 from $21,776 to $36,171 exhibiting a compound annual growth rate (CAGR) of 8.8%. During the same period, and for the same cases, surgeon reimbursement showed a smaller percentage increase than hospitals. Surgeon payments increased by $1,076 from $5,669 to $6,745, a CAGR of 2.9%. The largest subset of claims, posterior lumbar fusion, showed similar trends with hospital payments increasing $14,242 from $26,948 to $41,190, a CAGR of 7.3%, and surgeon payments increasing $956 from $6,048 to $7,003, a CAGR of 2.5%. Anterior cervical fusion, the second-largest subset of procedures, is reimbursed significantly less than posterior lumbar fusion but posted larger relative gains in reimbursement for both the hospital and surgeon. Hospital payments increased $8,940 from $9,865 to $18,805, a CAGR of 11.4% and surgeon payments increased $2,074 from $2,882 to $4,956, a CAGR of 9.5%.

Discussion: This analysis provides insight into reimbursement trends for spinal procedures relative to hospital payments for the same procedure in the commercial insurance population. With the growing demand for spinal fusions, this commercial payer analysis provides physicians and policymakers with a more comprehensive picture of the trends in physician reimbursement.