

Data-Driven Negotiation Secures Higher Reimbursement for Major Orthopedic Provider

Background

A large orthopedic group faced challenges during contract negotiations with a major insurance carrier, in part because they were an out-of-network provider. The carrier initially offered a reimbursement rate of 130%-150% of Medicare, which the group believed was significantly lower than what in-network competitors in the region were receiving. The group suspected that other providers were getting rates closer to 180%-200% of Medicare. In partnership with a third-party consulting firm, the group sought Kythera Labs' expertise to analyze market data and substantiate their position for negotiating higher rates in line with in-network competitors.

> Findings

Kythera Labs, working in collaboration with the third-party consulting firm, used a combination of Transparency and Rx Claims data to provide a comprehensive view of reimbursement rates across the group's market. The analysis confirmed the group's suspicion—other providers in the region were receiving much higher reimbursement rates, around 180%-200% of Medicare, compared to the 130%-150% offered by the insurance carrier. Armed with this concrete data, the group was able to return to the carrier and successfully negotiate a 12% rate increase, securing reimbursement rates more in line with market standards.

12%
increase
in topline revenue

ASC (Inst.)				HOPD (Inst.)		
Product Line	Avg. Allowed	CMS Fee Schedule	% of CMS	Avg. Allowed	CMS Fee Schedule	% of CMS
Total	\$19,537	\$9,372	208%	\$15,272	\$12,748	120%
Joint Replacement - Hip	\$20,919	\$9,315	225%	\$15,343	\$12,665	121%
27130	\$20,919	\$9,315	225%	\$15,343	\$12,665	121%
Joint Replacement - Knee	\$18,454	\$9,116	202%	\$15,061	\$12,665	119%
27446	\$17,636	\$8,980	196%	\$19,209	\$12,665	152%
27447	\$18,501	\$9,124	203%	\$14,900	\$12,665	118%
Joint Replacement - Shoulder	\$20,843	\$13,958	149%	\$19,431	\$17,905	109%
23472	\$20,877	\$14,109	148%	\$19,431	\$17,905	109%
Joint Replacement - Ankle	\$18,230	\$14,575	125%	\$20,777	\$17,934	116%
27702	\$18,230	\$14,575	125%	\$20,777	\$17,934	116%

The left table shows significantly higher reimbursement rates for the same procedures at in-network ambulatory surgical centers, while the right table highlights lower rates at hospital outpatient departments.

> Outcome

The orthopedic group's successful negotiation, supported by Kythera's data, highlights the value of using multiple datasets to achieve a comprehensive understanding of market conditions. By leveraging Transparency and Rx Claims data, the group was able to optimize their contract and secure more favorable reimbursement terms, leading to an improved financial outcome.



About Kythera Labs Kythera Labs is a data and technology company that enables Healthcare and Life Sciences organizations to rapidly integrate, access, and analyze healthcare data with scale and speed using the Wayfinder data science platform and pre-configured data pipelines, data science toolkits, and remastered data sets for competitive advantages across markets. Learn more at www.kytheralabs.com or follow Kythera Labs on [LinkedIn](#).