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Breast Cancer Surgical Reimbursements Decline Significantly from 2003-2023

Potential to Impact Quality-of-Care

Abstract: Evolving Economics: The Erosion of Medicare Reimbursement in Breast Surgery (2003-2023)

Orlando, FL, April 11, 2024—With potential implications for quality-of-care and access to services, Medicare reimbursement for most common breast cancer surgeries declined significantly from 2003 to 2023 when adjusted for inflation, according to a new study presented this week at the American Society of Breast Surgeons Annual Meeting in Orlando. The study, the first of its kind, examined reimbursements based on the Medicare Physician Fee Schedule Look-Up Tool from 2003 to 2023 for 10 procedures, including breast biopsies, lumpectomies, mastectomies and lymph node surgeries. Authors note that Medicare pricing standards also are a major determinant of the reimbursements of most private insurance providers.

Stressing that reimbursements cover total procedure costs, lead study author Terry Gao, MD, a resident at Temple University Hospital, explains that this includes not only the surgical fees but also overall facility staffing, operations and hard goods. “Inadequate funding strains healthcare resources, potentially affecting quality-of-care and possibly the financial viability of some hospitals, particularly safety net facilities serving the financially disadvantaged,” added Gao, who conducted the study with researchers at Temple and Fox Chase Cancer Center.

Dr. Gao believes that physicians must lead the conversation about declining reimbursements because they experience the patient care impact firsthand. “This study,” she says, “is the first to put a number on the trend in declining breast cancer payments, which is an extremely significant loss. It is the initial step in understanding the full implications of this decline and working towards a solution to ensure quality patient care.”

The study examined a range of breast cancer-related surgeries for the 20-year period. Data collection for sentinel lymph node biopsy injection began in 2011 when the Centers for Medicare Services (CMS) introduced its procedure code.

Researchers calculated the mean change during the entire 20-year period for the 10 procedures examined as +22.31%. However, during this time, the consumer price index rose 69%, suggesting a significant rise in inflation exceeding the mean increase in reimbursements for breast procedures.

In another analysis, after converting all 2003 reimbursements to 2023 dollars, the median reimbursement rate declined by 24.28%. Researchers also computed the compound annual growth rate (CAGR), a consistent percentage representing the average annual change during a specified time period, for these reimbursements in 2023 dollars as -1.54 per year.

While most procedures saw individual declines during this time period, after conversion into 2023 dollars, lumpectomy and simple mastectomy rose by 0.37% and 3.58% respectively. Their adjusted CAGRs also rose by 0.02% and 0.18% respectively. However, Dr. Gao explains that the slightly positive increases do not represent meaningful gains. “The rate of inflation has been escalating over time,” she says. “Our study found that these reimbursements are increasing at a much slower pace and likely will become negative numbers in several years.”

Providing a more tangible perspective on reimbursements, researchers also examined in real dollars the decline in rates for certain frequently performed breast surgeries during the past 10 years. They grew 2013 compensation at the rate of inflation during that time period and subtracted from this the estimated 2023 reimbursements based on actual rates. “With an incidence of 297,790 breast cancer patients as estimated by the American Cancer Society, we found that payments would be \$111,488,311.65 less than if rates had kept pace with inflation from 2013 to 2023.”

“The decline in breast cancer surgery reimbursements is immense,” comments Dr. Gao. “This has serious consequences that policymakers, surgeons and hospital administrators can't ignore. Unless addressed, we risk seeing a decline in crucial resources. This includes fewer hospital staff, a shortage of skilled surgeons, reduced funding for necessary equipment and limited opportunities for caregiver training. Ultimately, this may lead to a drop in the availability and quality-of-care for breast cancer patients. Hopefully, more studies like this will generate awareness and incentivize the healthcare system to work towards meaningful change.”

Evolving Economics: The Erosion of Medicare Reimbursement in Breast Surgery (2003-2023)

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Background/Objective

Medicare, a primary determinant of reimbursement rates for medical services, often establishes a pricing standard that influences private insurance policies. While numerous medical specialties have experienced diminishing Medicare reimbursement rates, the magnitude of these trends has not been examined in breast surgery. This study investigates Medicare reimbursement trends for breast surgery operations.

Methods

Data on 10 breast operations was obtained from the Medicare Physician Fee Schedule Look-Up Tool from 2003 to 2023 using corresponding CPT codes (Table 1). Data extraction for sentinel lymph node biopsy injection began in 2011, the year in which its CPT code came into effect. CMS annually calculates each operation's relative value units (RVU) and a conversion factor (CF). Yearly Medicare reimbursement was calculated by multiplying operation-specific RVUs by the CF. The year-to-year percentage change in Medicare reimbursement was computed for each operation. The overall median change was determined and compared to changes in the Consumer Price Index (CPI) from the US Bureau of Labor Statistics to evaluate the relationship between Medicare compensation and inflation. All data were then adjusted for inflation by correcting all monetary data to 2023 dollars. The compound annual growth rate (CAGR) was then calculated using inflation-adjusted data. Using projected 2023 breast cancer incidence, we estimated the real-world deficit in reimbursement according to these findings.

Results

Over the study period, the median unadjusted percent change for the 10 breast operations was +22.31% (IQR 6.69% to 26.95%). During this period, the CPI increased by 69.15% ($p < .001$). After adjusting for inflation, the reimbursement rate for all operations experienced a median decline of 24.28% (IQR -25.81% to -23.11%). From 2003 to 2023, two queried operations (lumpectomy and simple mastectomy) saw increases in inflation-adjusted Medicare reimbursement (+0.37%, and +3.58%, respectively). During this time, the adjusted reimbursement rates for all 10 operations demonstrated a negative median annual growth rate of 1.54% (IQR -2.17% to -1.31%), indicating a steady year-to-year decline in reimbursement rate after adjusting for inflation. Notably, the same two operations (lumpectomy and simple mastectomy) maintained a positive annual growth rate during this time (+0.02% and +0.18%, respectively). Assuming that 10% of patients present with Stage 4 disease (for whom surgery is not indicated), 50% of patients undergo breast conservation, 50% of patients undergo mastectomy, and 80% undergo axillary surgery, we estimate that breast surgeons will be reimbursed \$111,469,311.65 less for these surgeries in 2023 than if rates had kept pace with inflation over the past 10 years.

Conclusions

Inflation-adjusted Medicare reimbursement rates for breast surgeries have declined from 2003 to 2023, and the estimated real-world deficit is immense. This downward trend, if left unaddressed, carries profound implications. Diminishing reimbursement rates may strain resources, potentially leading to staffing shortages and compromises in care quality. Surgeons, healthcare administrators, and policymakers must confront these impending challenges with proactive measures to mitigate these issues. Understanding reimbursement trends and their impacts provides the foundation for advocating for equitable policies and solutions, which are essential to ensure the accessibility and quality of breast surgery in the future.

Table 1: Reimbursement Trends in Breast Surgery from 2003 to 2023

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CPT Code	Procedure	Unadjusted % Change in Reimbursement	Adjusted % Change in Reimbursement	Adjusted CAGR (%)*
19100	Percutaneous needle core biopsy of breast	+5.16	-36.41	-2.24
19101	Open incisional breast biopsy	+19.05	-28.01	-1.63
19120	Open excisional breast biopsy	+27.52	-22.89	-1.29
19301	Lumpectomy for malignancy	+65.99	+0.37	+0.02
38525	Biopsy/removal, lymph nodes	+2.42	-24.30	-2.29
38900	Sentinel lymph node biopsy, injection**	+0.14	-25.99	-2.48
19302	Lumpectomy w/axillary dissection	+11.28	-23.76	-1.96
19303	Simple mastectomy	+71.30	+3.58	+0.18
19305	Radical mastectomy	+23.57	-25.28	-1.45
19307	Modified radical mastectomy	+25.25	-24.27	-1.38

* Compound annual growth rate (CAGR); a single, consistent percentage representing the average annual growth or decline of reimbursement over a specified period.

** % changes from 2011 to 2023