



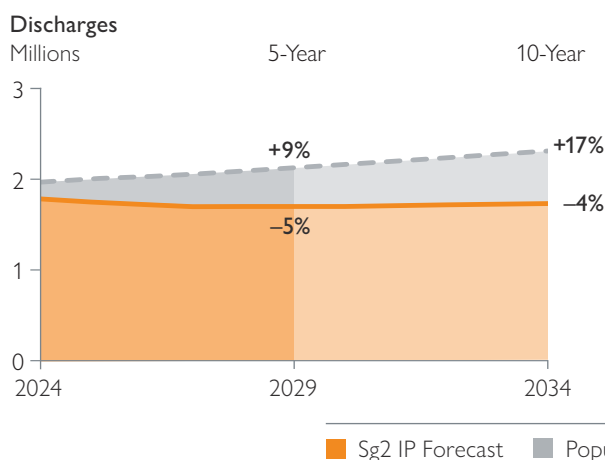
Snapshot 2024

# ORTHOPEDICS

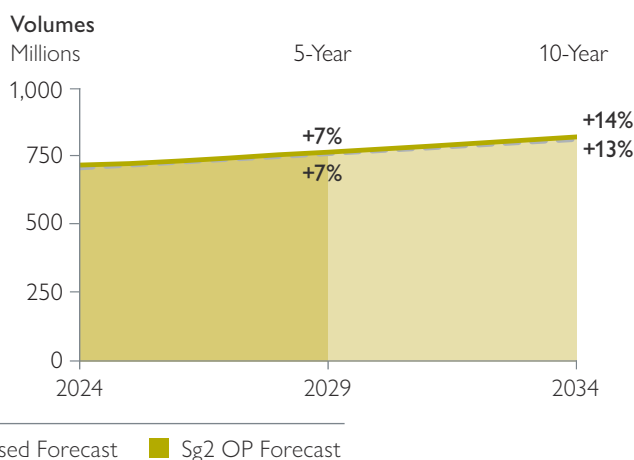
## LANDSCAPE

Health system orthopedics programs are contending with declining inpatient discharges and rising acuity while vying for outpatient market share. Numerous factors are complicating legacy systems' ability to compete and safeguard financial sustainability. These factors include workforce shortages, evolving physician alignment, inflation, payer restrictions and an accelerating shift to lower-cost sites of care. Sg2 projects that higher-acuity procedures, notably hip fractures and revisions, will remain hospital based. Adherence to best practice protocols and care pathways will be essential to enable high-quality care delivery within appropriate lengths of stay. Efforts to address the needs of socioeconomically disadvantaged patient populations will be critical to achieving clinical and operational goals. Success amid the migration of services to ambulatory settings requires progressive approaches to physician engagement and ambulatory capacity. Heightened focus on patient access, supportive care and outcomes will buoy virtual and other digital health options, but payer scrutiny will dampen overall E&M visit growth.

**Inpatient Orthopedics Forecast**  
US Market, 2024–2034



**Outpatient Orthopedics Forecast**  
US Market, 2024–2034



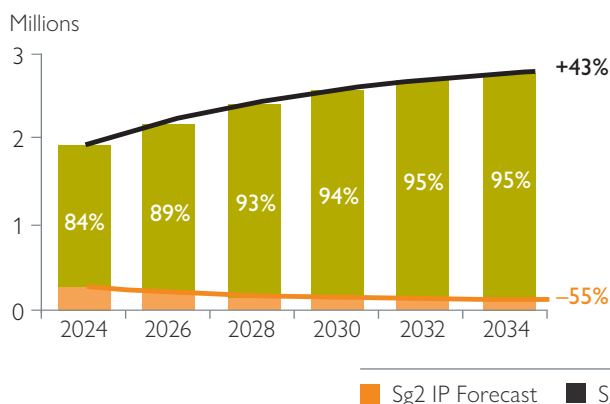
## TOP TRENDS

- CMS' expanded coverage of procedures in ASCs (shoulder replacements) is drawing out site-of-care shifts, creating backfill opportunities for hospital-based procedures and increasing the need for ASC capacity.
- Accelerating site-of-care shifts are sparking novel partnerships between physicians and health systems and increasing activity from private equity firms.
- Momentum is building for direct-to-employer arrangements with comprehensive care for musculoskeletal patients.
- Providers are implementing multimodal pain management and resetting patients' expectations to emphasize pain management vs pain elimination.
- CMS-mandated collection and reporting of PROMs data on inpatient hip and knee replacements highlights the importance of optimized IT systems and relationships with independent physicians.
- Technology-assisted surgery is expanding beyond traditional robotics. This includes new applications of image navigation and augmented reality systems. Orthobiologics have gained traction as a viable alternative to surgical joint repair, but they are offered primarily on a cash basis and costs vary widely.
- State-of-the-art orthopedic programs are expanding sports medicine capabilities to provide more comprehensive, consumer-friendly offerings that span pre- and post-injury care, accelerate access and connect patients to other services.

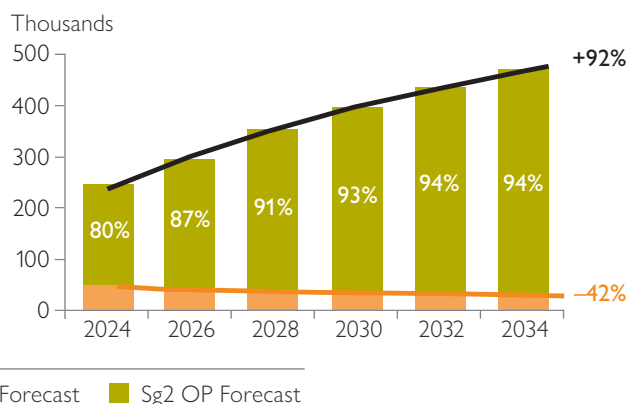
**Note:** Analysis excludes 0–17 age group. ASC = ambulatory surgery center; E&M = evaluation and management; PROMs = patient-reported outcome measures. **Sources:** Impact of Change®, 2024; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2019. Agency for Healthcare Research and Quality, Rockville, MD; Proprietary Sg2 All-Payer Claims Data Set, 2022; The following 2022 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2024; Sg2 Analysis, 2024.

# ORTHOPEDICS SNAPSHOT 2024

## IP/OP Primary Hip and Knee Replacement Forecast for Osteoarthritis, US Market, 2024–2034



## IP/OP Primary Shoulder Replacement Forecast US Market, 2024–2034



## IP/OP Orthopedics Surgical Procedure Location Mix and Forecast US Market, 2024

|                                   | IP  | OP  | 2024–2029 Forecast |
|-----------------------------------|-----|-----|--------------------|
| Elective Hip and Knee Replacement | 16% | 84% | +29%               |
| Shoulder Replacement              | 20% | 80% | +52%               |
| Hip and Knee Revision             | 75% | 25% | +12%               |
| Fracture Repair                   | 36% | 64% | +7%                |
| Other Hip and Knee                | 2%  | 98% | +12%               |
| Hand and Upper Extremity          | 1%  | 99% | +7%                |
| Foot and Ankle                    | 1%  | 99% | +8%                |
| Overall Surgical Orthopedics      | 13% | 87% | +11%               |

### IP/OP PROCEDURE HIGHLIGHTS

- **Steady growth is expected for elective hip and knee replacement**, as payer coverage, patient eligibility and utilization continue to expand.
- **Robust growth for shoulder replacement is expected**, fueled by next-generation implants, emerging and innovative surgical techniques, expanded CMS coverage and improved outcomes.
- **Revision procedures will increase and remain inpatient**, driven by robust TJR growth. However, volumes will be dampened by improvements in outcomes and clinical advancements.
- **Fluctuating growth in fracture care** is expected. Trauma-related injuries and a growing aging population will contribute to short- and long-term growth, respectively. Efforts to prevent and treat osteoporosis and better manage fall risk will slow growth in fragility fractures.

## ACTION STEPS TO DRIVE VALUE

- ▶ Build a comprehensive and integrated portfolio of services to deliver patient-centered care that addresses new market realities and optimizes efficiency and experience.
- ▶ Revamp marketing strategies to align with consumer and employer priorities; put in place mechanisms to seamlessly capture patient reviews of physicians and facilities.
- ▶ Streamline front-end services and sites by integrating physical and occupational therapists and athletic trainers as alternative access channels and to triage patients.
- ▶ Partner with physicians to establish and deploy clinical pathways designed to optimize patient outcomes. Invest in data and outcome transparency.
- ▶ Expand efforts to leverage PROMs data to inform clinical and operational decision-making.
- ▶ Explore contractual avenues (eg, comanagement, professional services agreements) to incentivize and promote quality-based collaborations among independent, affiliated and employed orthopedists.

**Note:** Analysis excludes 0–17 age group and includes the orthopedics service line only. Hip and knee replacement includes primary hip/knee replacement for the Osteoarthritis CARE Family only. Overall surgical orthopedics includes all IP/OP major procedures plus OP arthroscopy. Elective hip and knee replacement includes Osteoarthritis CARE Family only and primary hip/knee replacement. Shoulder replacement includes primary shoulder replacement for the Osteoarthritis and MSK Injury—Shoulder/Elbow/Upper Arm CARE Families only. Hip and knee revision excludes hip and femur fracture. Fracture repair includes all IP fracture repair and OP open treatment of fracture, plus surgical procedures within the Hip and Femur Fracture CARE Family (arthroscopy, IP/OP major therapeutic procedure group). Other hip and knee includes MSK Injury—Knee and Pelvis/Hip/Femur CARE Families and excludes fracture repair. Hand and upper extremity includes MSK Injury—Hand/Wrist/Forearm and Shoulder/Elbow/Upper Arm CARE Families and excludes shoulder replacement and fracture repair. Foot and ankle includes MSK Injury—Lower Leg/Foot/Ankle CARE Family and excludes fracture repair. MSK = musculoskeletal; TJR = total joint replacement. **Sources:** Impact of Change®, 2024; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2019. Agency for Healthcare Research and Quality, Rockville, MD; Proprietary Sg2 All-Payer Claims Data Set, 2022; The following 2022 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2024; Sg2 Analysis, 2024.

PUB-0624-002-OR

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