Report: Reimbursement codes block innovative surgical techniques

Mass Device

Entrepreneurs in the minimally invasive surgery space might wait 12 years for their product to become profitable, but there's another costly bottom line as well: patient's well being. While medical technology waits for government approval and adoption by healthcare providers, patients wait as well. Because technological development is leaving the approval process in the dust, doctors can't provide their patients with the most advanced products.

A report from Cambridge Consultants indicates that the insurance industry's reimbursement codes are a huge part of the problem. The coding system, according to the report, "generally refers to the cost, payment and insurance infrastructure supporting patient care." The codes helped bring standardization to insurance coverage, but only for existing devices and procedures, according to the a Cambridge, U.K., and Cambridge, Mass.-based design and engineering firm.

This means that the coding system "dictates that devices and procedures in clinical trials must be quick and profitable first, with efficacy and patient care playing secondary roles," according to the report [1].

"You've got to weigh patient first, and [device companies] do that, but no system is perfect and some of the best products that could come to market are probably being held back because of bureaucracy. Nobody wants to bring a bad product to market, but to get [any product] to market is such an enduring task, and the return on investment has to be substantial," said John Genova of the company's Global MedTech Practice.

The report found that the approval process discourages innovation. The barriers that must be overcome to get that ROI are too large for many smaller companies, and, as Genova said, many are unwilling to spend unless they have more certainty of future profits. Device makers need not only Food & Drug Administration approval but the approval of doctors and, more recently, patients.

Rahul Sathe, a Cambridge Consultants engineer specializing in surgical and implantable devices, said companies need to show consumers that their devices are substantially better than what's already on the market, but those products still need to be very similar to the existing devices so that they get the same coding and cost structure.

"It's sort of a catch-22," Sathe said. "The new technology needs to show much more improvement, but at the same time be very close to what's out there so [device makers] can get financial reimbursement."

New technologies also need to enter the market as cost-neutral, so they can compete with existing products. Yet newer technologies are often more expensive as they're introduced, so despite improved outcomes for patients in the long run, doctors tend to avoid new products to keep costs down, Genova said. Moreover, long term studies are never commenced because "increased financial and reimbursement pressures do not provide market incentive for [them]," according to the study. That means "companies are shifting focus to markets that reward short-term evidence, where post-operative benefits are experienced quickly." Cambridge Consultants wrote that surgical societies such as the Natural Orifice Surgery Consortium for Assessment and Research, the American Medical Assn. and the Society of American Gastrointestinal and Endoscopic Surgeons have the ability to conduct long-term research, but have been so far only been successful in raising awareness on the importance of long-term clinical data collection.

The blame doesn't fall squarely on either healthcare providers, which are less likely to use newer, more expensive products, or insurance companies. There are multiple players, including government regulators, insurers, hospitals and device makers. As Sathe pointed out, they all need to work more closely together to make the system more efficient.

Genova places some blame on uncertainty. With ROIs out at least five to 10 years for larger companies with the experience to navigate the approval process, "it's basically uncertainty of the future that's inhibiting growth."

"It takes just as much [effort]," Genova said, "for a large multi-billion dollar project to go through as it does for a smaller project. There's no fast track."

Genova and Sathe both said there needs to be more awareness about the failures in the system.

"Increasing public awareness about loosening coding restrictions helps," Genova said. "Right now, it's almost impossible to get a new reimbursement code for a device unless there's a push by the general public. The companies alone won't do it. The insurance companies aren't going do it. It's going to take a major awareness by the public to put pressure on their government officials to do this, because other countries will surpass us. Companies will not grow or take chances in the unknown."

"The environment has to be such that it promotes progress." Sathe added. "Technology in the U.S. continues to grow [by] leaps and bounds, however the adoption into the commercial markets for the patients that need it the most end up being hindered by bureaucratic and financial pressures, largely through reimbursement, largely through the general system not being well understood by all the team players."

The MIS segment as a whole is still quite robust. Globally, the market for less invasive devices was approximately $15 billion in 2009 and is expected to grow at an estimated annual rate of 8 percent over the next five years. The most successful companies will be those that can respond to the growing number of more informed patients, according to the report. Just as pharmaceutical companies skip over

doctors and advertise directly to patients, device makers could also follow suit. Hospitals are also beginning to advertise by individual departments. As a whole, healthcare is trending towards preventative medicine, away from curative medicine. MIS looks to be leaning the same way, Genova said.

SOURCE [2]

Source URL (retrieved on *05/22/2013 - 5:55pm*):
http://www.mdtmag.com/news/2010/06/report-reimbursement-codes-block-innovative-surgical-techniques?qt-recent_content=0

Links:
[1] http://www.cambridgeconsultants.com/fm_surgical-report-10.html
[2] http://www.massdevice.com/news/report-reimbursement-codes-block-innovative-surgical-techniques