

# Dobson DaVanzo Study: O&P Saves Medicare

August 27, 2014

## **STUDY: HIGHER STANDARD OF CARE FOR PATIENTS WITH LIMB LOSS OR SPINAL INJURIES SAVES MEDICARE MONEY IN MOST CASES**

***Even Though Devices Are Often Costly, Long-Term Bill for Taxpayers Ends Up Lower Or Only Slightly Higher; Win, Win: Findings Indicate Patients Also Benefit from Higher Quality of Life and Increased Independence.***

[Click here to view the Dobson-Davanzo Report.](#)

[AOPA's Press Archive of this Study may be found here.](#)

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**WASHINGTON, D.C. – August 27, 2013** — Taxpayers end up paying more over the long term in most cases when Medicare patients are not provided with replacement lower limbs, spinal orthotics, and hip/knee/ankle orthotics, according to major new study commissioned by the Amputee Coalition and conducted by Dr. Allen Dobson, health economist and former director of the Office of Research at CMS (then the Health Care Financing Administration). This study was made possible through funding by the American Orthotic & Prosthetic Association (AOPA).

Available online at AOPAnet.org, the unprecedented study looks at nearly 42,000 paired sets of Medicare beneficiaries with claims from 2007-2010. The paired patients either received full orthotic and prosthetic care or they did not get such care. Lower extremity and spinal orthotic and prosthetic devices and related clinical services are designed to provide stability and mobility to patients with lower limb loss or impairment and spinal injury.

The study's key finding: Patients who received orthotic or prosthetic services have lower or comparable Medicare costs than patients who need, but do not receive, these services. According to the study, Medicare could experience 10 percent savings (\$2,920 less) for those receiving lower extremity orthoses and comparable payments for patients receiving spinal orthoses and lower extremity prostheses.

What offsets the initially high cost of some orthotic and prosthetic devices? These devices are associated with higher rates of physical therapy and rehabilitation, allowing patients benefiting from them to remain in the community and avoid costly facility-based care. Patients are generally able to become less bedbound and more independent, which may be associated with fewer emergency room (ER) admissions and acute care hospital admissions. The reduced use of hospital services and facility-based care offsets the cost of the devices, producing Medicare savings and better quality-of-life outcomes for patients.

Report author Dr. Allen Dobson said: **“Looking at full costs and other outcomes (including use of outpatient therapy, number of falls, ER admissions, and acute hospitalizations) over a 12-18 month period, our study concludes that patients who received the orthotic and prosthetic services experienced greater independence than patients who do not, with better or comparable health outcomes and generally lower Medicare payments.”**

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Susan Stout, interim president & CEO, Amputee Coalition, said: **“Every person who has suffered limb loss, and who has received a prosthetic device appropriate for their needs, knows the value of the device for them personally. This study provides nationwide data which helps to corroborate this patient experience, and also points us to the need for more research regarding the value of prosthetics from both a quality of life and a financial perspective.”**

Thomas F. Kirk, PhD., president, American Orthotic & Prosthetic Association, said: **“This is a clear win for patients and a win for taxpayers. Not only do patients who get full orthotic and prosthetic (O&P) treatment benefit the most, but it also ends up costing taxpayers less in most cases. The goal of restoring function is emphasized in many of Medicare’s covered services, and therefore supports the targeted use of O&P services for patients who are able to benefit from and receive the requisite therapy. The increased physical therapy among O&P users allowed patients to become less bedbound and more independent, which may be associated with higher rates of falls and fractures, but fewer emergency room admissions and acute care hospital admissions. This reduction in health care utilization ultimately makes O&P services cost-effective for the Medicare program and increases the quality of life and independence of the patient.”**

Lower extremity orthoses for the hip, knee, or ankle are typically used to prevent deformities, enhance walking, alleviate pain and protect limbs. A spinal orthotic device is an external apparatus that is applied to the body to limit the motion of, correct deformity in, reduce loading on, or improve the function of a particular spinal segment of the body. Examples include soft cervical collars, halo vests, and lumbar vests. Lower extremity prosthetics are artificially replaced limbs located at the hip level or lower.

#### DETAILED STUDY FINDINGS

- Patients who received lower extremity orthoses had better outcomes over 18 months, defined as fewer acute care hospitalizations and emergency room admissions and reduced costs to Medicare (episode payments approximately 10 percent lower than the comparison group, including the cost of the orthotic). Additionally, these patients were able to sustain significantly more rehabilitation, and were able to remain in their homes as opposed to needing placement in facility-based settings. The study looked at 34,864 pairs of patients, with the full-care group costing \$27,007 on average and the group provided lesser care costing \$29,927 on average.
- Patients who received spinal orthoses had comparable Medicare payments over 18 months to those who did not receive the orthotic, and had higher reliance on ambulatory and home-based care (as opposed to facility-based care). This could suggest that the use of spinal orthoses allows patients to be less bedbound and remain independent in their homes. These patients had more falls and fractures, which may be due to their increased ambulation and independence. However, these falls did not result in a higher number of emergency room admissions compared to comparison group patients. The study looked at 6,247 pairs of patients, with the full-care group costing \$32,598 on average and the group provided lesser care costing \$32,691 on average.
- Among lower extremity prostheses patients, the study results indicate that patients who received lower extremity prostheses had comparable Medicare episode payments (including the cost of the prosthetic) and better outcomes than patients who did not receive prostheses. Results suggest that the device was nearly amortized by the end of 12 months and the patient could experience higher quality of life and increased independence compared to patients who did not receive the prosthetic. The study looked at 428 pairs of patients, with the full-care group costing \$68,040 on average and the group provided lesser care costing \$67,312 on average.

#### ABOUT THE AMPUTEE COALITION

The Amputee Coalition, headquartered in Manassas, Virginia, is a national nonprofit organization whose mission is “to reach out to and empower people affected by limb loss to achieve their full potential through education, support and advocacy, and to promote limb loss prevention.” For more information about limb loss, please call 888/267-5669 or visit the Amputee Coalition Web site at <http://www.amputee-coalition.org>.

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**EDITOR’S NOTE:** A replay of the news event will be available on the Web at <http://www.amputee-coalition.org/> as of 5 p.m. EDT on August 27, 2013.

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