

SK&A

Market Profile of U.S. Orthopedic Surgeons

Market Insights Report



MARKET
INSIGHTS

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Introduction

An orthopedic surgeon has been educated and trained in the diagnosis and treatment of diseases and injuries of the musculoskeletal system. An orthopedic surgeon is either a medical doctor or a DO who has completed a five-year residency focused on surgical treatment.

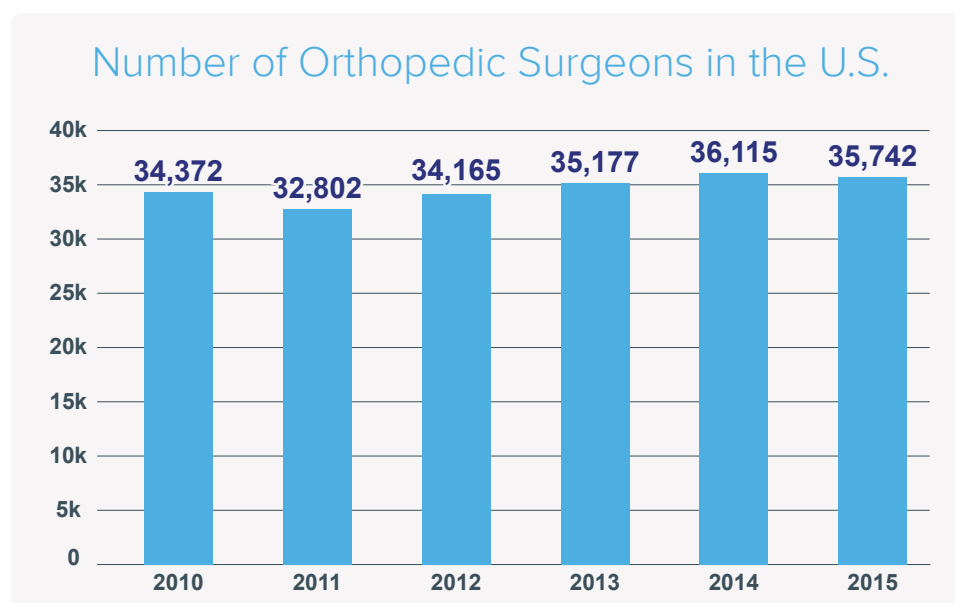
The most common treatment areas are spinal disorders, arthritis, sports injuries, trauma, fractures, bone tumors, and cerebral palsy. An orthopedic surgeon may complete additional training with a spine fellowship and specialize in spine surgery.

Orthopedic surgeons work closely with other healthcare providers and often serve as consultants to other physicians. They may practice in an orthopedic or multispecialty group, in a solo practice, or as a hospital system employee.

Orthopedic surgeons are key targets for the medical device and diagnostics industry; but they are difficult to pin down. Engagements and details are difficult, owing to the surgeons' frequent movement from offices to hospitals to surgery centers.

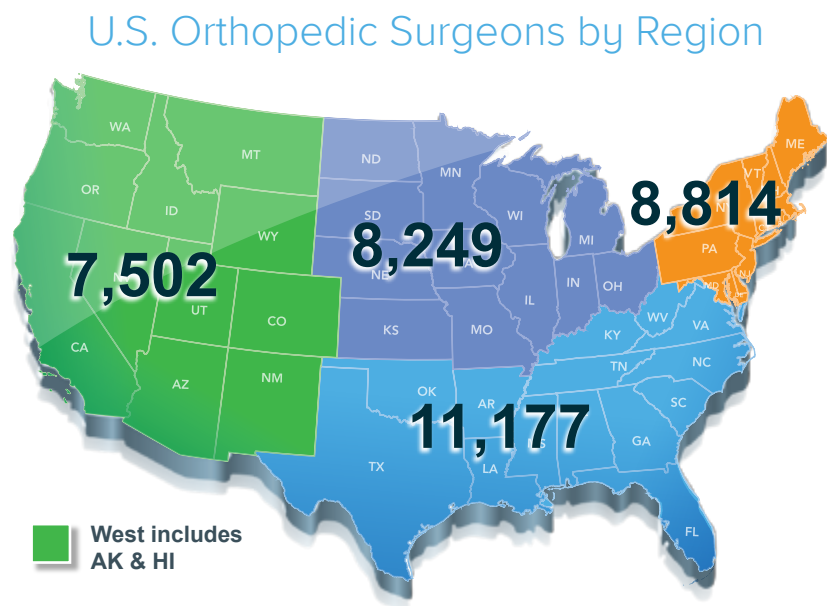
Orthopedic Surgeons by Number, Region and Move Rate

The number of orthopedic surgeons in the U.S. dipped slightly in 2015 after four years of sustained growth. Today there are about 35,742 physicians who named orthopedic surgery as their primary or secondary specialty. They are very likely (60%) to have a secondary specialty. Of the top 20 physician specialties by number of practitioners, orthopedics ranked seventh, just behind cardiovascular surgeons. They practice at 11,552 medical sites.



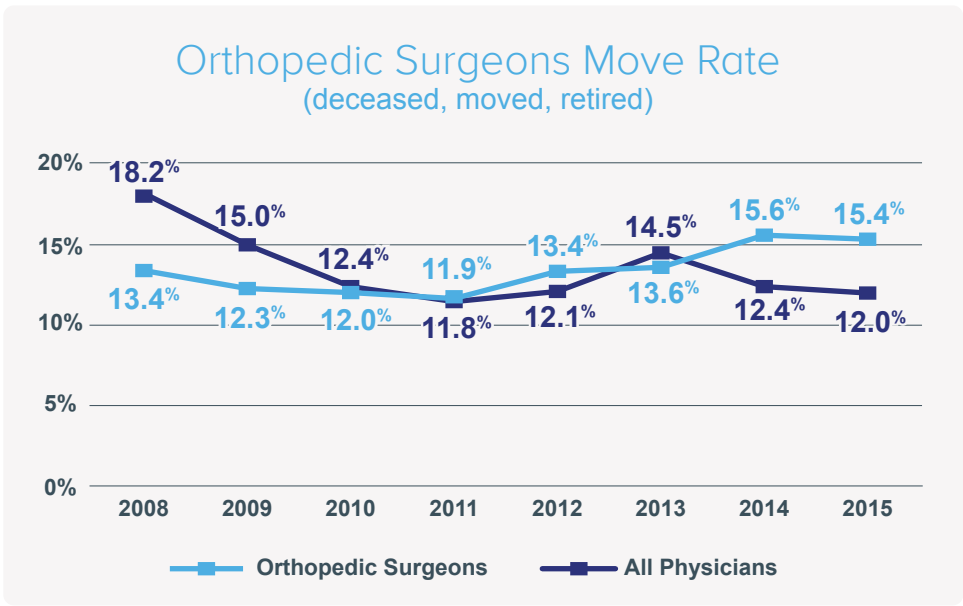
Source: SK&A, Dec 2015

The southern states have the highest concentration of orthopedics. One-third of the country's orthopedics are located in the south. But as a percent of population, the northern states have the highest number of practitioners.



Source: SK&A, Dec 2015

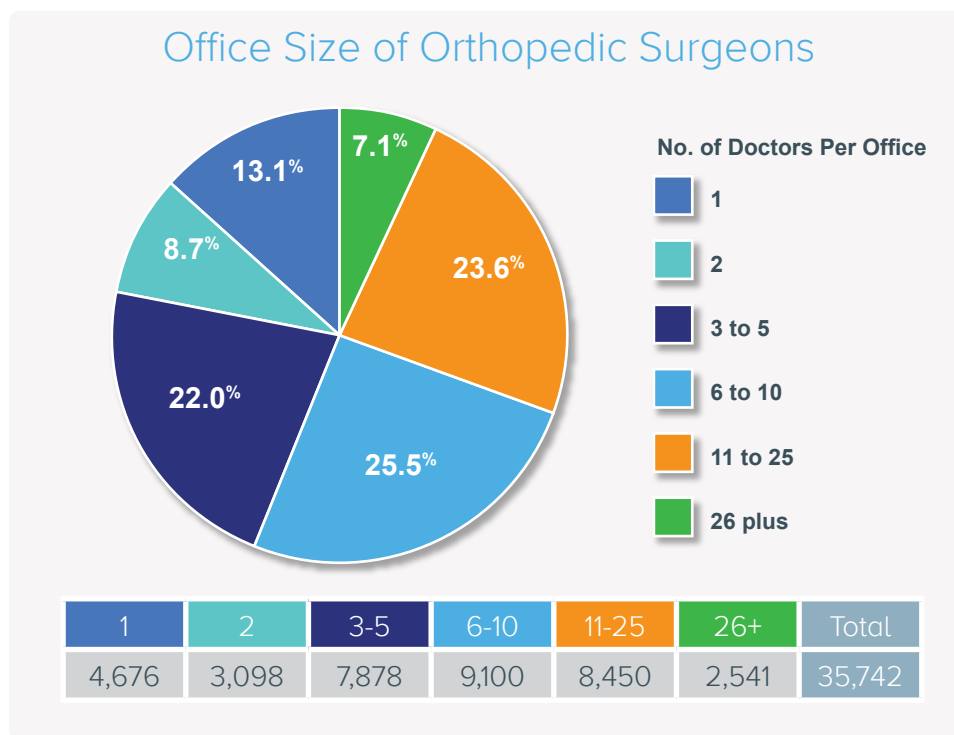
Orthopedics moved to new locations, took new jobs, retired, passed away or made other professional changes at an average rate of 13.45% annually over the past 6 years, a number consistent with the average physician move rate of 13.55%. Orthopedics are trending towards job stability.



Source: SK&A, Dec 2015

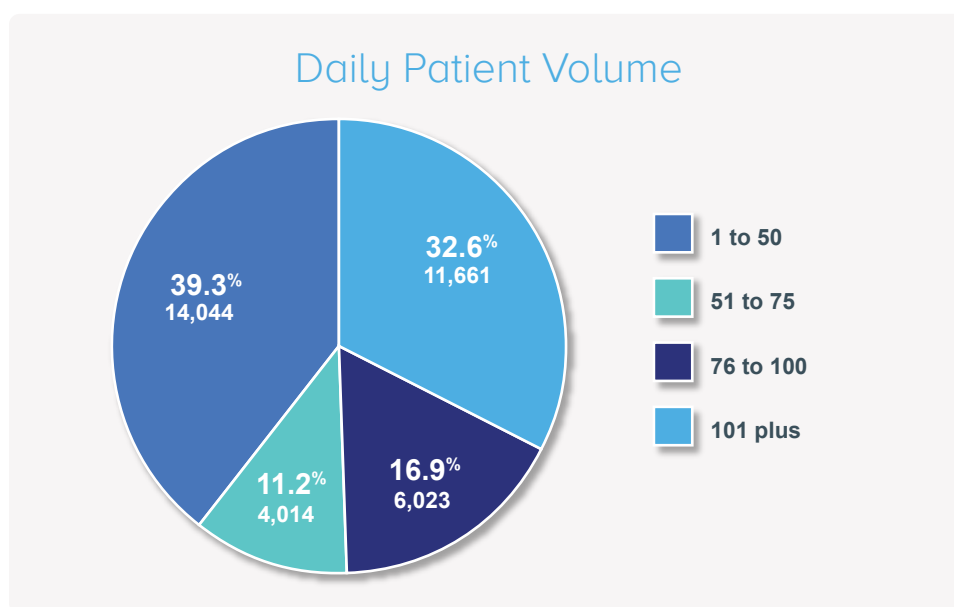
Practice Size and Patient Volume

Orthopedic surgeons tend to favor mid-size practice settings. Nearly half (47.5%) prefer to practice in locations where there are between 3 and 10 physicians. Conversely, about 30% pull towards the largest of the large practices with 11 doctors and beyond. Three physicians practicing together as a business meet SK&A's definition of a medical group.



Source: SK&A, Dec 2015

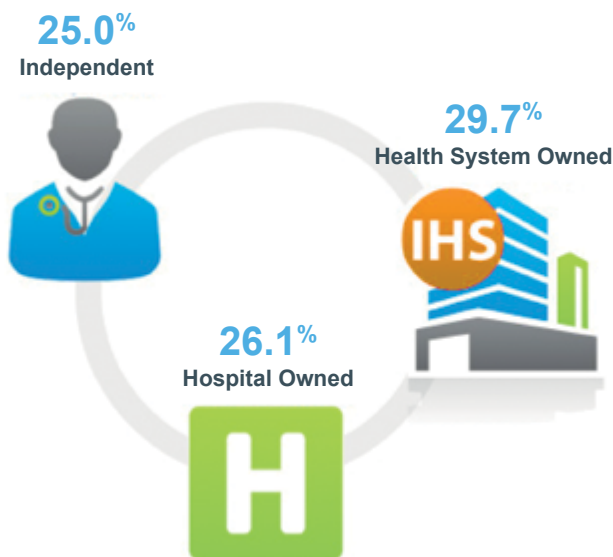
Orthopedic specialty offices are quite busy when it comes to patient visits and consultations. The pie chart below represents patient visits per practice location. Most practices (39.3%) see at least up to 50 patients per day.



Source: SK&A, Dec 2015

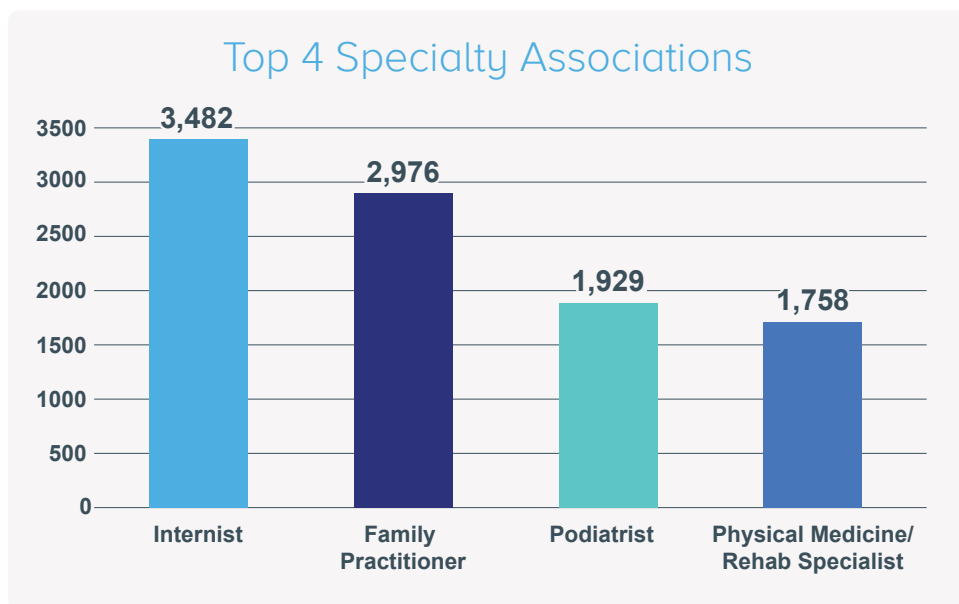
Ownership and Specialty Associations

Orthopedic surgeons maintain a low level of independence compared to other specialties. Just 25% designated themselves to be independent or solo practitioners. About 56% said they are tied to either hospitals or health systems. In our survey, about 19% did not indicate their ownership status.

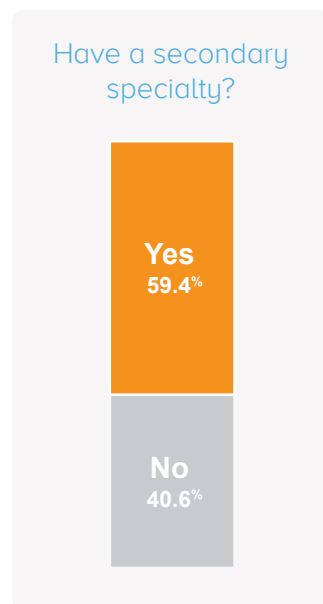


Source: SK&A, Dec 2015

Orthopedics are closely aligned with other practitioners in their office setting. About 3,500 orthopedics indicated they are most associated with internists, which is not surprising considering the invasiveness of many orthopedic surgeries. Physical medicine and rehabilitation specialists also are common partners with orthopedics.



Source: SK&A, Dec 2015



Affiliation to Hospitals for Admitting Privileges

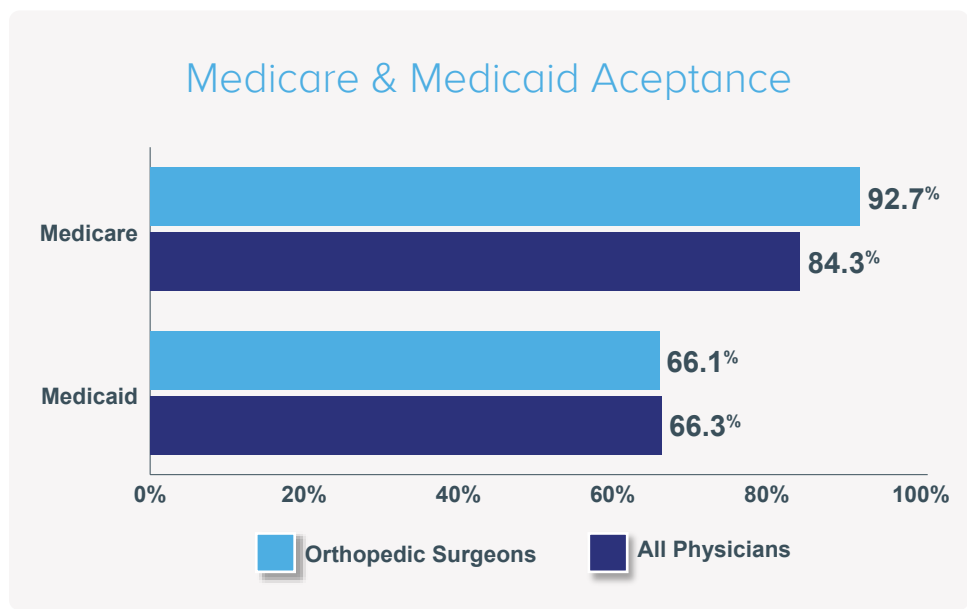
Nearly 10% of orthopedics have no affiliation to hospitals, presumably conducting their operations and treatments solely in outpatient surgery centers. The trend towards outpatient service is gaining favor. About 40% of orthopedics are affiliated to just one hospital, while 50% are affiliated to two or more.

Affiliation to Hospitals	No. of Doctors	% of Total
0	3,418	9.6%
1	14,256	39.9%
2	12,054	33.7%
3	4,254	11.9%
4	1,760	4.9%

Source: SK&A, Dec 2015

Government Insurance Acceptance

Owing to the high cost of their complex treatments and rehabilitation, orthopedic surgeons are more likely to accept government insurance plans and navigate reimbursement than the average physician. Nearly 93% will accept Medicare and 66%, Medicaid.

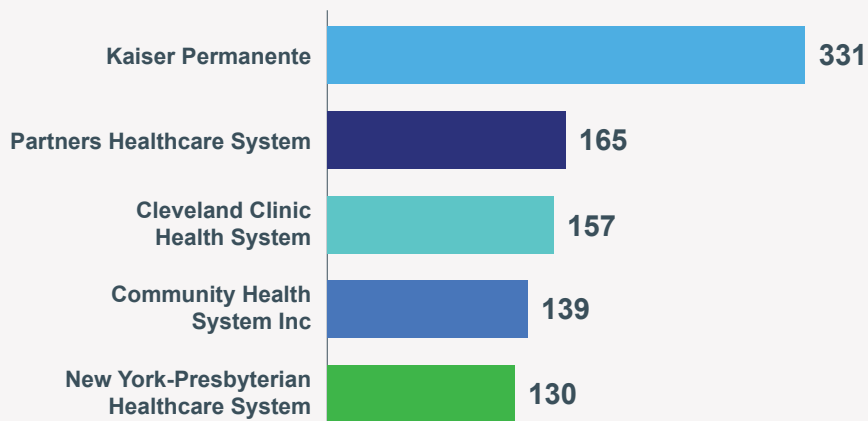


Source: SK&A, Dec 2015

IHS Employment and ACO Participation

Employing more than 7,900 MDs and DOs in 800-plus medical offices, Kaiser Permanente is the largest employer of health professionals among integrated health systems. Kaiser hires the most number of orthopedics, double the number of the next top employer. Most orthopedics, however, remain independent.

Top 5 IHS Employing Orthopedic Surgeons



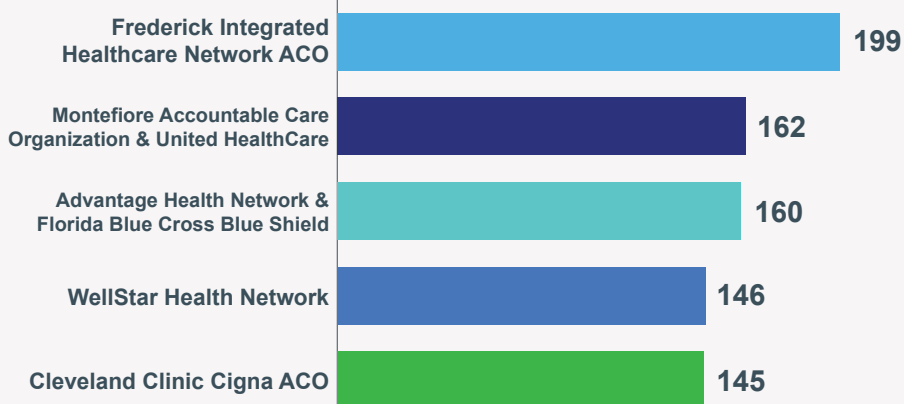
Percent Orthos Part of IHS



Source: SK&A, Dec 2015

At least 23% of orthopedics are participating in accountable care organizations (ACOs). While newcomer Frederick in Maryland is not one of the largest ACOs in terms of total physician enrollment, it has the highest number of orthopedics in its network.

Top 5 ACOs with Orthopedic Surgeon Participation



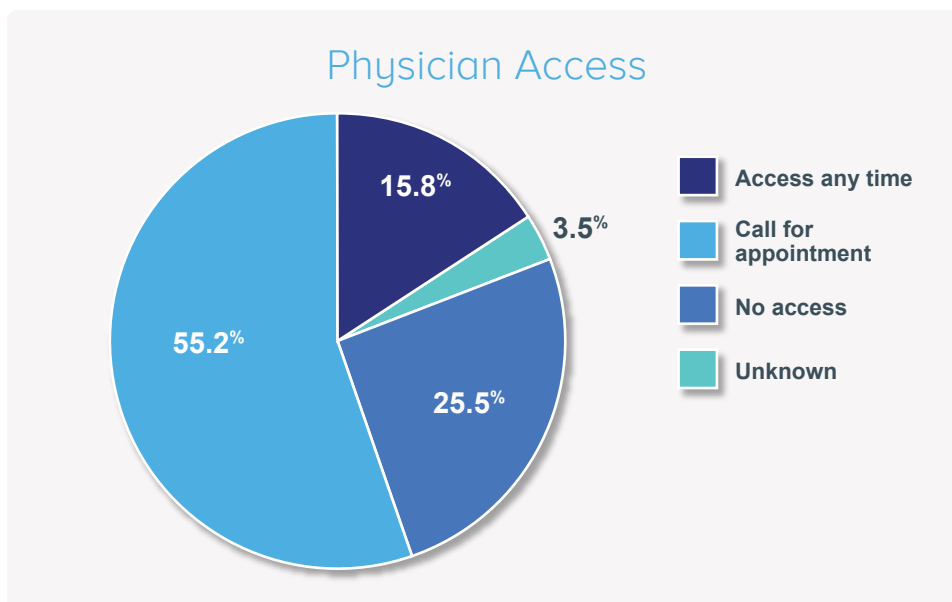
Percent Orthos Part of ACO



Source: SK&A, Dec 2015

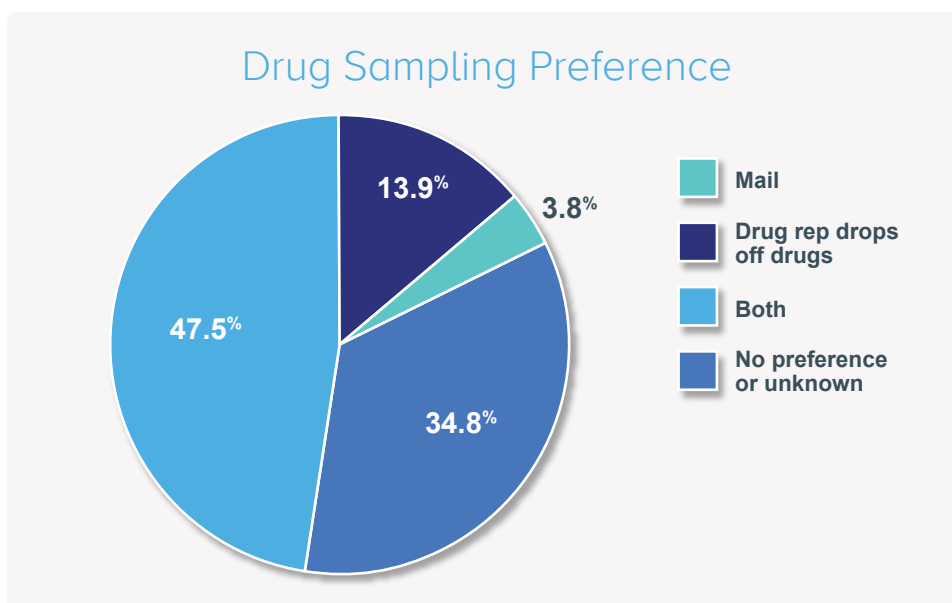
Physician Access and Drug Sample Acceptance Rates

Orthopedics are somewhat restrictive when it comes to details from sales representatives. One-quarter (25.5%) flat out will not meet with a rep. Another 55.2 % will see a rep but require an appointment up front. About 16% allow walk-ins any time.



Source: SK&A, Dec 2015

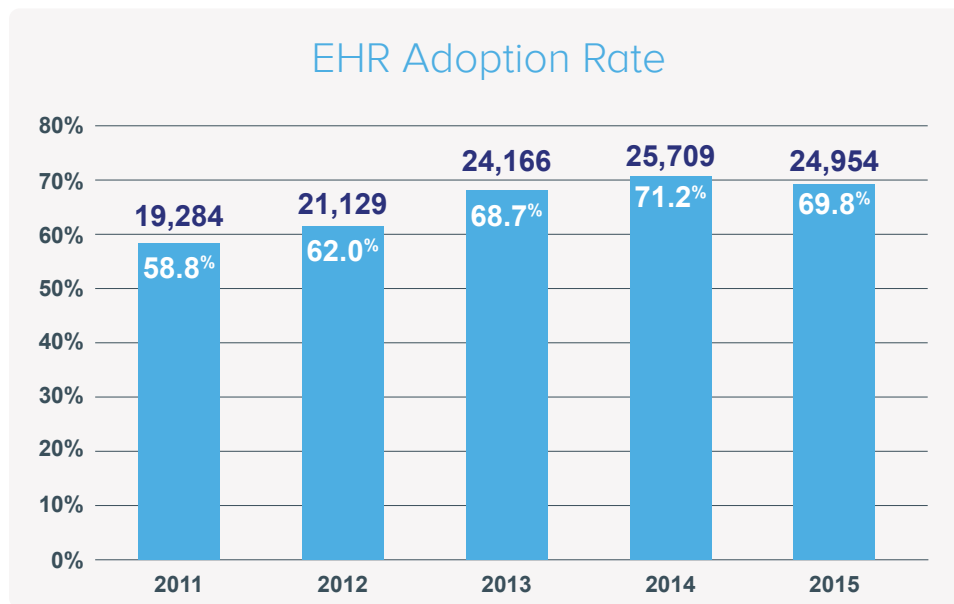
In terms of sampling preferences, 14% expect a direct drop-off at their office, while close to half will accept either a drop-off or mail delivery. With their busy surgery schedule, it's hard to pin down an orthopedic for an interaction or sample signature.



Source: SK&A, Dec 2015

Electronic Health Record Adoption of Orthopedic Surgeons

Orthopedics' adoption rate growth over the past three years has remained flat at an average of 70%. Even so, they remain ahead of other physicians in terms of software usage and office automation.



Source: SK&A, Dec 2015

Annual Compensation of Orthopedic Surgeons

Across the seven workplace types, orthopedics earn an average of \$400,000 per annum, making them among the very highest paid surgeons. Solo practitioners earn the least, understandably, but those employed in healthcare organizations are bested by multispecialty group doctors.

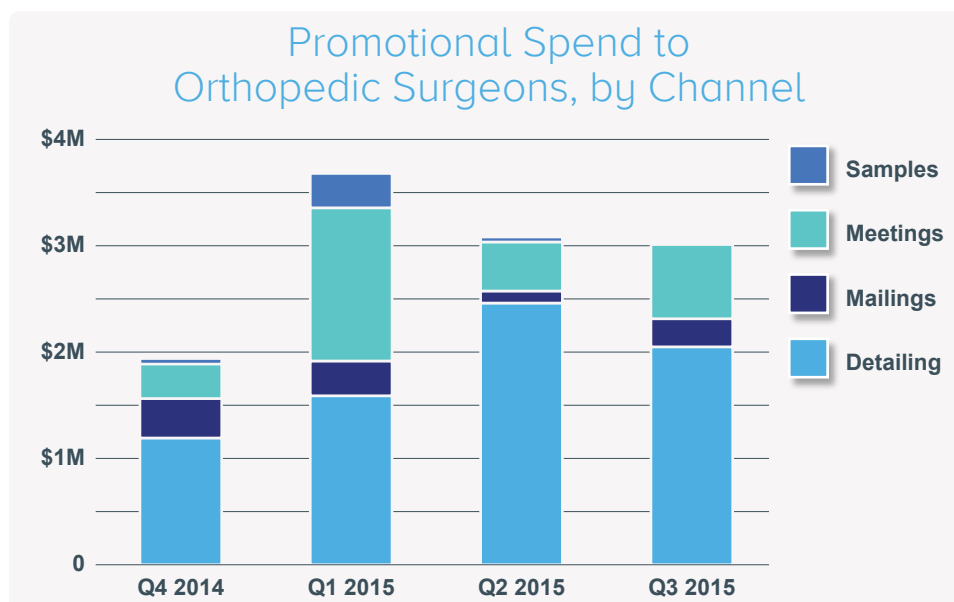
Compensation by Practice Setting	
Multispecialty Group Practice	\$459,000
Healthcare Organization	\$449,000
Single Specialty Group Practice	\$442,000
Hospital	\$397,000
Outpatient Clinic	\$388,000
Solo Practice	\$348,000
Academic, research, military	\$319,000

Source: Medscape's Orthopedics Compensation Report 2014

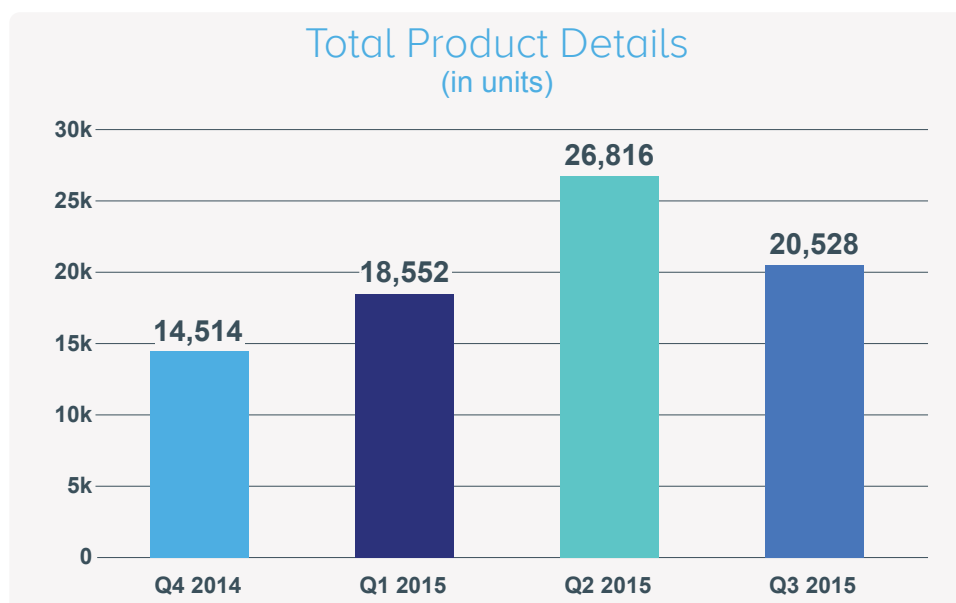
Promotional Spend Q4 2015 to Q3 2015

Channel Mix and Detail Summary

Orthopedics are sought-after targets for medical device and diagnostics providers. The industry's preference is to detail the surgeons, but they also invest heavily in sponsored meetings and curricula and some direct mailings. Compared to the pharmaceutical industry, promotional spending and activity from the med-device manufacturers is minor. In a rolling annual forecast provided by IMS Health ChannelDynamics™, about 80,400 details or engagements were performed on orthopedic surgeons, with the second quarter of 2015 being the most voluminous period. The panel reported on the promotional activity of 38 manufacturers.



Source: IMS Health ChannelDynamics™, Dec 2015



Source: IMS Health ChannelDynamics™, Dec 2015