

# News Release

Blue Cross Blue Shield Association  
225 N. Michigan Ave.  
Chicago, Illinois 60601-7680  
[www.BCBS.com](http://www.BCBS.com)

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**Contact:**

Robert Elfinger

312.297.5899

[robert.elfinger@bcbsa.com](mailto:robert.elfinger@bcbsa.com)

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**Blue Cross Blue Shield Association Study Reveals Extreme Cost Variations  
for Knee and Hip Replacement Surgeries**

*Data shows identical procedures can quadruple in cost depending on which hospital is  
selected within a market*

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**CHICAGO** – The cost of knee and hip replacement surgeries—among the fastest growing medical treatments in the U.S.—varies widely in markets across the country, with extreme variations emerging even within the same market area, according to a report by the Blue Cross Blue Shield Association (BCBSA) and Blue Health Intelligence (BHI). The report, based on independent Blue Cross and Blue Shield (BCBS) companies' claims data, shows that prices for identical procedures can quadruple in cost depending on which hospital a patient chooses within a market.

["A Study of Cost Variations for Knee and Hip Replacement Surgeries in the U.S."](#)<sup>1</sup> shows the average typical cost (without complications, see footnote) for a total knee replacement procedure was \$31,124 in 64 markets where claims data was reviewed. However, it could cost as little as \$11,317 in Montgomery, Alabama, and as much as \$69,654 in New York, New York. Within a market, extreme cost variation can also exist. In Dallas, Texas, a total knee replacement could cost between \$16,772 and \$61,585 (267 percent cost variation) depending on the hospital.

Similar trends were also seen for the average typical cost for a total hip replacement procedure, which averaged \$30,124. However, the procedure could cost as little as \$11,327 in Birmingham, Alabama, and as much as \$73,987 in Boston, Massachusetts<sup>2</sup>, which had the greatest variance within a market, with costs as low as \$17,910 (313 percent cost variation).

Knee and hip replacement procedures are among the fastest growing medical treatments in the U.S. A [study](#) published in the June 2014 issue of Journal of Bone and Joint Surgery, found that the number of typical knee replacements more than tripled and that typical hip replacements doubled between 1993 and 2009. In 2011 there were 645,062 typical hip replacements and 306,600 typical knee replacements performed in the U.S., according to a [report](#) from the American Academy of Orthopaedic Surgeons.

“Extreme price variation in healthcare can have obvious financial consequences for individuals and employers as well as serious implications for the sustainability of a U.S. healthcare system that is exceeding its economic capacity,” said Maureen Sullivan, senior vice president of strategic services and chief strategy officer for BCBSA. “To effectively address healthcare costs and ensure access to care, consumers, employers and industry leaders must have information on these price variations and be provided with the tools to become informed shoppers.”

As the study shows, the hospital an individual selects has a direct impact on the total cost of a procedure. To help consumers identify high quality, affordable hospitals, BCBS companies created the [Blue Distinction® Centers+](#) designation, which recognizes hospitals that demonstrate expertise in delivering patient care safely and effectively, and are also 20 percent or more cost-efficient than non-designated facilities. There are 427 Blue Distinction® Centers+ for Knee and Hip Replacement, and they are present in the majority of the 64 markets that were studied.<sup>3</sup>

It is also critical that consumers have access to meaningful, credible information on medical practitioners. BCBS companies offer an array of transparency tools that provide standardized healthcare cost and quality information (including cost estimates, practitioner quality information and access to patient reviews) enabling consumers to comparison shop for hundreds of common treatments and procedures. Members have access to consumer transparency tools on their BCBS company’s member portal or at the [National Doctor and Hospital Finder](#).

“Blue Cross and Blue Shield companies are using national level data and advanced episodic analytics to empower consumers and employers with information that demonstrates the quality and cost of doctors and hospitals and help them find the highest value options for care,” said Swati Abbott, CEO of BHI.

The cost-variation study is the first report by Blue Cross Blue Shield, The Health of America Report, a collaboration between the BCBSA and BHI that will utilize a market-leading medical claims database to uncover key trends and provide insight into healthcare dynamics.

#### About Blue Cross Blue Shield Association

*Blue Cross Blue Shield Association is a national federation of 37 independent, community-based and locally operated Blue Cross and Blue Shield companies that collectively provide healthcare coverage for nearly 105 million members – one in three Americans. For more information on the Blue Cross Blue Shield Association and its member companies, please visit [www.BCBS.com](http://www.BCBS.com). We encourage you to connect with us on [Facebook](#), check out our videos on [YouTube](#), follow us on [Twitter](#) and check out [The BCBS Blog](#) for up-to-date information about BCBSA.*

#### About BHI

*Health Intelligence Company is the nation's premier health intelligence resource, delivering data-driven insights about healthcare trends and best practices, resulting in healthier lives and more affordable access to safe and effective care. HIC accesses healthcare claims data from more than 140 million individuals nationwide, collected over nine years, in a safe, HIPAA compliant and secure database. The resulting conformed, reliable data set has the broadest, deepest pool of integrated medical and pharmacy claims, reflecting medical utilization in every ZIP code. Health Intelligence Company, LLC operates under the trade name Blue Health Intelligence (BHI) and is an Independent Licensee of BCBSA. For more information, visit <http://www.bluehealthintelligence.com/>.*

*1 The report includes claims for primary (non - Medicare) BCBS members incurred 36 months ending July 2013, paid through September 2013. Episode costs are based on total amount of procedure and ancillary costs for a period of time pre and post procedure. The data also limits scope of episodes it will measure in order to ensure comparability, creating a "normal" cohort. Episodes were dropped from the data where applicable, for patient age (<18 or >65), complicating conditions (cancer, HIV) and other criteria.*

*2 Data was analyzed based on Metropolitan Service Areas (MSAs) in accordance with Census data, which can include large population areas that may cross state lines. The Boston MSA, for example, includes areas within New Hampshire and Rhode Island. For more information, visit: [http://www2.census.gov/geo/maps/metroarea/stcbsa\\_pg/Feb2013/cbsa2013\\_MA.pdf](http://www2.census.gov/geo/maps/metroarea/stcbsa_pg/Feb2013/cbsa2013_MA.pdf).*

*3 To learn more about Blue Distinction® Centers for Specialty Care, please visit [www.bcbs.com](http://www.bcbs.com) or contact your Local Plan.*