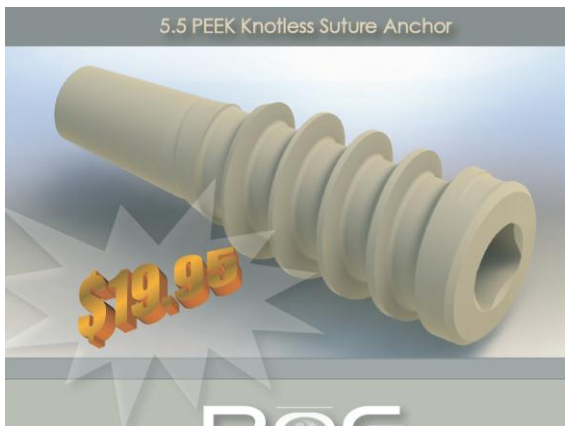


Value Based Orthopedic Implants

Blair Rhode, MD

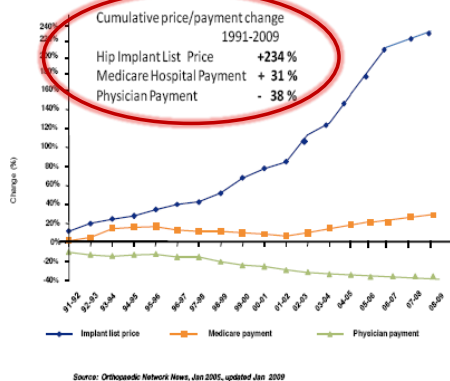
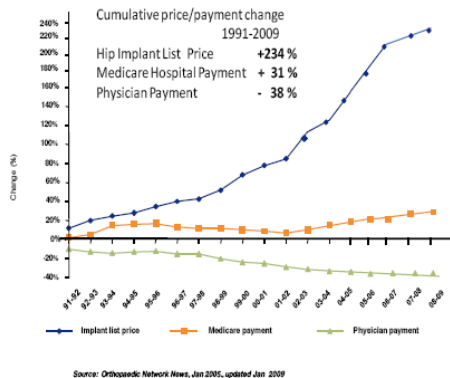


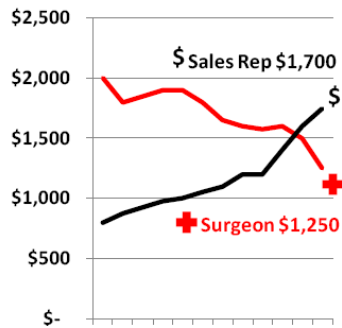




The Economics

- **Obamacare**- Patient Protection and Affordable Care Act (PPACA)
- **IPAB**- Medicare Independent Payment Advisory Board
- **ACO**- Accountable Care Organization
- **Health care will be controlled by arbitrary price controls and limited access to care.**





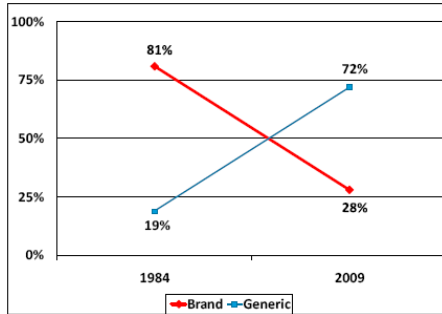
Value Based Implants

- Stable technology- Not generic-
– “time tested”
- Exhausted intellectual mark-up
- Simplify the product and service
- Remove costs- Sales Rep

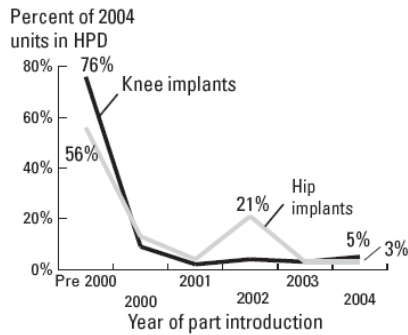
Costs in Medical Devices?

- R&D.....NO!
- Manufacturing Costs....NO!
- SG&A- Selling, general and administrative costs were 43.3% in 2009
 - Presence of sales rep in OR increases implant usage up to 30%

Generic Drugs

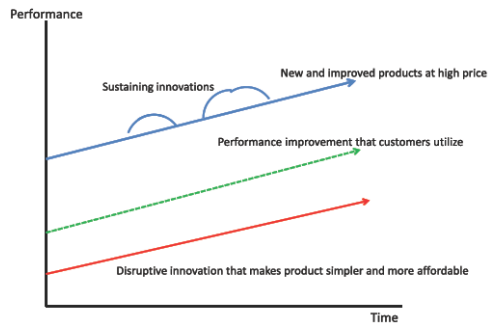


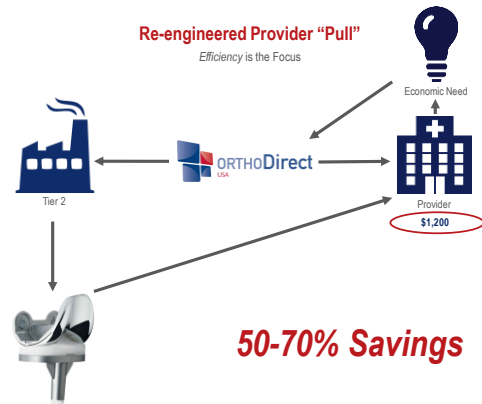
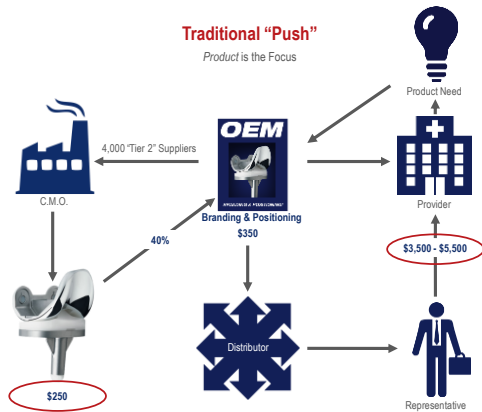
% of Hip and Knee Sales by Year of Introduction



Disruptive Innovation

-Clayton Christensen





Solution

- Physician owned surgery centers
- Profit motive allows acceptance of stable technology.
- Remove the sales rep

