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Exec Chat: OIC Expects To Disrupt Orthopedic Surgery Market With High Value Implants

by [Reed Miller](#)

Itai Nemovicher, the co-founder and CEO of The Orthopedic Implant Company talked to *Medtech Insight* about his company's approach to bringing high value orthopedic implants to the market and proving they can reduce the cost of surgery without diminishing patient outcomes.

The Orthopedic Implant Company (OIC) believes orthopedic implant devices are usually overpriced, creating an opportunity for innovative companies to reduce the costs of surgery to the health care system without compromising quality.

For the last 12 years, Reno-based OIC has been developing "high value" orthopedic implants for trauma and sports medicine that cost up to 60% percent less than the average market price of so-called "premium implants."

OIC is also participating in clinical research that shows its products can save money without impairing patient care. For example, a [recent 400-patient study](#) lead by researchers from the University of Nevada - Reno and the University of New Mexico showed using OIC's intramedullary tibial nails in the treatment of tibial shaft fractures reduced the cost of the surgeries by 38% compared to surgeries using "conventional implants."

Despite the potential advantages of these high value devices, [most surgeons have yet to adopt them](#).

Medtech Insight talked to OIC CEO and co-founder Itai Nemovicher to learn more about the company and the challenges it is facing trying to convince surgeons that they can save money on orthopedic implants and still achieve excellent patient outcomes.

Q Medtech Insight: What is OIC doing differently compared to other, more conventional orthopedic companies to make a high-value approach to trauma implants work?

A Itai Nemovicher: Around 80% of the implants used in orthopedic trauma settings are biomechanically equivalent to one another. The technology and associated surgical techniques are the same, but traditionally, the industry has done a great job of providing “free help” in the OR and managing hospitals’ inventories. It’s no secret that the help is anything but free, as it is added to the cost of the implants.



OIC CEO ITAI NEMOVICHER *The Orthopedic Implant Company*

While there was value in this service years ago when implant systems were rapidly evolving, this has not been the case for quite some time. The value in ever-present service has rapidly diminished. OIC provides an appropriate level of service for our partner facilities, facilitating an incredible improvement in device value while helping them maintain outcomes and manage implant sets efficiently.

As you know, there are a few challenges preventing US health care from adopting high-value orthopedic implants *en masse*. Change, in general, is rarely met with fervent applause, regardless of how beneficial that change may be. In addition, stringent multi-year compliance contracts with premium-priced vendors and the historic lack of alignment between surgeons and facilities stymie leadership from these respective parties from working together to help themselves and, most importantly, their patients.

This lack of alignment, coupled with fee-for-service medicine, has created an environment that doesn’t incentivize surgeons to think about improving value, let

alone seek out specific vendors that carry that torch. And while there are surgeons that do know about the high-value orthopedic device market segment, they may have some reservations not knowing that they're efficacious and equivalent [to more expensive devices].

And that's really why studies like the one recently published regarding our tibial nails are so important. We can save money across the entire patient-provider-payor spectrum, but without published data, assumptions are made that the products are inferior because they're less expensive, even though clinical outcomes are the same in comparison to premium vendors. This is why independent, published studies are so crucial for helping surgeons make educated decisions for the sake of their patients.

We are fortunate that studies proving our clinical equivalency to premium-branded vendors have been published on almost all of our implants. When we started OIC, we knew studies would be a cornerstone to build success on, and that's why we chose to innovate the orthopedic trauma market, as opposed to making total joint arthroplasty (TJA) devices.

The data studied takes months to collect, not years. An orthopedic trauma device used for internal fixation must only outlive the patient's ability to heal. TJA devices must perform for decades before enough data can be gathered and analyzed to persuade the most discerning surgeons as to the efficacy of changing the devices they were trained and prefer to use.

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Q Which centers and physicians are you targeting with your sales and marketing to find new customers for your devices?

A Nemovicher: In targeting facilities, ambulatory surgery centers (ASCs) and their surgeon owners/investors are receptive to our messaging and model. This speaks to what I had mentioned earlier – the facility/surgeon alignment is in place.

With that said, a good portion of our portfolio addresses large bone fractures typical only to hospitals. While more bureaucratic and political than ASCs, it's hospitals that most desperately need to improve value. Hospitals treat patients regardless of whether private or public payors are settling reimbursement.

There's a new guard by way of administrative and surgeon leadership beginning to steer progressive hospital systems. We are fortunate to be working with a few across the country very strategically and have received more interest than ever in the last year or so. Regardless of how progressive or conventional a facility is, most of the work is demystifying the model.

It all sounds like a lot more change than it actually is. When we first meet with a prospective partner-facility, there's a lot of relief in their learning about how involved OIC is up-front and perpetually as well.

High-value orthopedic implants are still in the early infancy of being considered a standard of care. But given the financial ramifications of the pandemic that are being felt by facilities across the country, many of them – especially ASCs – are becoming more vocal and proactive in seeking value. So while we continually reach out to prospective facilities, we are receiving more unsolicited calls than ever before.

We also want to make sure we're visible to the hospitals and surgery centers that need value the most – county hospitals who are dealing with a large payer mix of uninsured or non-insured patients, for example. It's important to us that the value we offer is being realized by those who need it most. If we can impact value on this level, we are truly helping the whole system.

"Orthopedic implant prices are the low-hanging fruit when it comes to savings." – Itai Nemovicher

Q Are orthopedic surgery departments under any particular pressures to save money right now that could create more demand for these kinds of devices?

A Nemovicher: Absolutely. As I mentioned, all facilities are under a tremendous amount of pressure right now because of the overall healthcare landscape and their specific environments with respect to the impact of the pandemic.

Blanket statement: It's fair to say that all facilities are looking at ways of cutting costs while maintaining the quality of care. From our perspective, orthopedic implant prices are the low-hanging fruit when it comes to savings. It's very easy to reduce the cost of a line item on a particular invoice as opposed to, for example, calculating the cost of human capital or human resources required to run a facility and continually raise the bar on outcomes.

With tibial nails, for instance, there are no truly innovative payment models from CMS that incorporate this specific indication. But there have been rules in the past – for hip fractures or femur fractures – [creating bundled payments](#) as opposed to fee-for-service payments, which is certainly a step in the right direction.

So the external pressures to improve value drive down the cost of care a bit, but as medtech companies, it's our responsibility to curtail and contain the exorbitant cost of most healthcare procedures. For us as a company, the easiest way to do that was to fairly price all our implants proactively, juxtaposing the industry's price-preserving approach.

Q What are your major near-term priorities right now?

A Nemovicher: Late last year, we launched our [new DRPx distal radius plating system](#),

which has been received incredibly well, so promoting it has been a top priority. We're really focused on facilities where we can provide the most immediate value and impact.

Right now, this happens to be the ASC environment as the pandemic has pushed a lot of orthopedic surgeries to them.

Once change happens like that in U.S. healthcare, it's likely to be permanent. Physicians and administrators at ASCs are incentivized to reduce costs too. Whether they're owners or not, they tend to run a little more efficiently.

And so the products that we're getting ready to launch, as well as the latest product – the distal radius plate – are really geared toward ASCs and helping them make the most of tough reimbursement rates that hospitals don't contend with.

"One of our current priorities is to substantially improve value in the highest volume cases conducted in ASC." – Itai Nemovicher

Q The shift of orthopedic surgeries from hospitals to ASCs has received a lot of attention in the industry as a trend that will eventually affect many parts of health care. From what you've seen in the market, what kinds of cases are most likely to be done in ASCs?

A Nemovicher: ASCs are doing the 'bread-and-butter' cases in trauma – ankles, wrists, hips and clavicles – but we're also seeing more total joints as well. If someone falls and breaks their wrist, while technically emergent, the surgery to fix it does not have to be done immediately. Depending on the patient and fracture, waiting a few days is typically okay.

The patient goes to the ER, a cast is put on the injury for stabilization, and then the

patient sees the surgeon the next day in the clinic, and surgery is scheduled if it's needed. While the need for surgery might not be immediate - within 24 hours - it is still orthopedic trauma, and they tend to make up the majority of cases that we see being fixed in the ASC setting with increasing regularity.

Wrist fractures alone make up nearly 20% of all upper extremity fractures. The pandemic accelerated the migration of these cases from hospital to ASC out of necessity. And even cases that were almost never done in ASCs – like an ankle fracture indicated for an intramedullary nail – started making their way into these facilities. Now that ASCs have proven capabilities, it will become more routine to see implants and injuries that were once “inpatient-only” transition to this setting.

Q Are there other areas of orthopedics that could benefit from this type of disruptive approach?

A Nemovicher: I think the orthopedic market in general is ripe for it– sports medicine, total joints, spine, and trauma, which we're in right now. As we look at and approach the marketplace, one of our current priorities is to substantially improve value in the highest volume cases conducted in ASCs. So sports medicine devices – generally devices for anything soft tissue-related – are a natural progression after trauma because they're not very technically differentiated devices and are quite expensive. Additionally, now that we've come out with a new distal radius plate, the natural progression from there is to extend to the hand.

We're working with more upper extremity and hand specialists than we ever have, so we have a wealth of knowledge to address the hand and fingers. Again, so much of it is dependent on where we can have the biggest and quickest impact on value. Greatly improving value in orthopedic implants is in an incredibly fast transitional phase right now.

Five years ago, most facilities would tell you it would be nice to be able to take advantage of high-value implants. Today, they are asking us what we're coming out

with next.

[Editor's Note: This article was corrected on 28 February to remove a reference to OIC's investment in spine surgery in the second paragraph. The company has transitioned away from that market to focus on trauma and sports medicine surgery products.]