

.... From the Mayor

September 6, 2013

You may have been made aware of an article published recently in The New York Times entitled “In Need of a New Hip but Priced out of the U.S.” by Dr. Elisabeth Rosenthal. It was subsequently picked up by newspapers and media sources all over the country. The article was one in a series about health care reform in our country. Readers were presented with an “actual patient” who chose hip replacement surgery overseas in an effort to cut costs. While the premise insinuated to readers of a corrupt orthopedic industry, closer examination showed the supporting evidence to be lacking.

The author used Warsaw, Indiana as the “locus” of the story; home to three of the top five orthopedic manufacturers in the world. Rosenthal “hypothesized” the existence of price fixing as the main reason for the higher cost of domestic orthopedic surgery. Throwing terms around like “price fixing” and “cartel” should be backed up by pretty solid evidence when championed on the pages of The New York Times. None was presented. While innuendo and hearsay are often a part of any discourse, Dr. Rosenthal should understand that the scientific pursuit of the truth lies with the facts. What is even more disturbing is that The Times, by its “brand” and stature, garners relevancy and accuracy. Unfortunately, this story was copied or loosely rewritten and distributed nationwide as authentic and unquestionable.

While you would expect industry responses (and there were several) would be protective of their interests, it seems very apparent from those responses that Rosenthal’s lack of objectivity was most concerning. One of those responses was from Biomet executive Bill Kolter. His view, shared by several other respondents, was that implant prices have dropped 13% in the past 6 years as a result of “fierce marketplace competition.” This would seem contrary to the notion of “cartel control.”

Warsaw, Indiana has provided an environment for the industry to grow and compete. It has provided a skilled, capable workforce in a strong, generous community of hard-working, God-fearing Midwesterners who take pride with teamwork to manufacture quality products. Our companies compete fiercely to remain profitable as implant prices have declined and regulation and onerous revenue taxes have taken their toll. They compete fiercely to retain market share with new products that serve younger more active patients. To suggest collusion is ludicrous.

As Mayor of our City, I take it personal when Dr. Rosenthal insinuates that the benefits we enjoy as the “Orthopedic Capital of the World” are the result of these unfounded allegations. Let me tell you, Dr. Rosenthal, our community is proud of the heritage of our orthopedic industry. Orthopedic pioneers started right here in Warsaw. They were risk takers with a better idea who identified specific health-care needs and have innovated for over 100 years. Our orthopedic companies have taken those ideas and used their ingenuity, risk, and resources to develop devices, instruments and procedures and bring them to market, improving the quality of life around the world. It’s private enterprise.

We all fully recognize the need to get medical costs under control. It's a complicated picture that requires examination of complex details to find a solution. It becomes a lot less clear when that picture is drawn with a paint roller.