

December 13, 2011

The Honorable Wally Herger
Chairman, Committee on Ways and Means
Subcommittee on Health
U.S. House of Representatives
242 Cannon Office Building
Washington, DC 20515

Dear Mr. Herger,

The announcement by the Joint Select Committee on Deficit Reduction that its members were unable to reach an agreement on deficit reduction measures now leaves it to the larger Congress to address the growing budgetary challenges we face as a nation. Fortunately, there are a number of steps that can be taken immediately that will make a significant impact, including the implementation of a radiology benefit management (RBM) program for Medicare, which would save taxpayers as much as \$24 billion and improve the quality of care for patients by protecting them from needless, potentially harmful radiation.

RBM programs help control the widespread overuse of imaging studies such as ultrasounds, CT, MR and PET scans. These prior authorization programs are particularly effective because they address the root cause of our rising medical imaging costs by eliminating tests that are unnecessary, meaning that significant savings can be delivered without subjecting physicians to further reimbursement cuts. Such a solution rewards those doctors who are ordering appropriate imaging studies for their patients while targeting tests that are not medically necessary. It is better for patients, physicians and our pocketbooks.

Even a cursory review of the available literature shows the significant inappropriate use of imaging in our healthcare system. A 2009 Medicare Payment Advisory Commission (MedPAC) report to Congress found that from 2002 to 2007, the use of all types of diagnostic imaging tests rose by 44 percent – nearly double the growth in overall services per patient. That rapid growth led MedPAC to recommend the use of prior authorization earlier this year. Additionally, the *Journal of the American College of Radiology* reported that one-third of all imaging studies are ordered inappropriately.

In terms of safety, the risks of radiation exposure are systematically underestimated by physicians and patients. A 2008 study from the National Cancer Institute projects that nearly 30,000 cancers will result from the 72 million CT scans Americans received in 2007 alone.

There is a large and growing body of independent support for programs to help control the overutilization of medical imaging by ensuring that scans are only performed when clinically appropriate:

- **Government Accountability Office (GAO):** In a report to Congress, the GAO recommended the adoption of an approach like prior authorization to address the rapid growth in Medicare Part B spending on imaging services, which more than doubled between 2000 and 2006, reaching \$14 billion.¹ The GAO also found that cardiologists, for example, derive more than one-third of their Medicare income from in-office imaging.
- **Milliman/NIA:** National Imaging Associates (NIA) commissioned independent actuarial firm Milliman to study the potential impact of the adoption of an RBM program by Medicare. Milliman estimated savings of up to \$24 billion by 2020 if a program were implemented by the beginning of 2012.²
- **UnitedHealth Group:** The UnitedHealth Center for Health Reform & Modernization presented a working paper that suggested that the adoption of a radiology benefit management program by Medicare would save the federal government approximately \$13 billion over 10 years.³
- **Dobson DaVanzo/MedSolutions:** MedSolutions commissioned independent health economics firm Dobson DaVanzo & Associates to analyze the company's data and provide an estimate of cost savings should Medicare adopt an RBM program. The firm estimated savings of up to \$18 billion in 10 years. MedSolutions' own internal projections suggest even greater savings are possible, with net savings of \$20.7 billion to \$22.6 billion over the course of five years.
- **MedPAC:** MedPAC recommended in its June 2011 report to Congress that Medicare establish a prior authorization program for physicians ordering a significantly greater number of advanced imaging services than their peers.⁴ The Blue Cross Blue Shield Association voiced its support for such a program, estimating that targeting outliers alone through such a program would save \$1 billion in 10 years.⁵

¹ "Medicare Part B Imaging Services: Rapid Spending Growth and Shift to Physician Offices Indicate Need for CMS to Consider Additional Management Practices," GAO, June 2008 (<http://www.gao.gov/new.items/d08452.pdf>)

² "Potential Savings to Fee-for-Service Medicare from Radiology Benefit Management Programs," Milliman, July 13, 2011

(<http://www.niahealthcare.com/media/430357/potential-savings-to-medicare-ffa-from-rbm-programs.pdf>)

³ "Federal Health Care Cost Containment – How in Practice Can it be Done?," UnitedHealth Center for Health Reform & Modernization, May 2009

(http://149.111.129.166/hrm/UNH_WorkingPaper1.pdf)

⁴ "Medicare and the Health Care Delivery System," MedPAC, June 2011 (http://www.medpac.gov/documents/Jun11_EntireReport.pdf)

⁵ "Building Tomorrow's Healthcare System: The Pathway to High-Quality, Affordable Care in America," Blue Cross Blue Shield Association, September 28, 2011 (<http://www.bcbs.com/why-bcbs/health-reform/economic-analysis.pdf>)

The use of RBM programs is widespread. They have been adopted by approximately 90 percent of commercial health plans and are increasingly being used by state Medicaid programs to help control skyrocketing costs. In one state, MedSolutions' partnership with the Medicaid program resulted in utilization dropping 47 percent in the first three months of the program, which ultimately saved taxpayers \$171 million over a three-year period.

In fact, the health plans that cover you and your fellow members of Congress include RBM programs. You rely on this important service to save money and keep you safe from overexposure to radiation. Should the same not be required for Medicare?

Additionally, MedSolutions is able to deliver savings through its RBM programs without slowing the delivery of services to patients. The company maintains a 97 percent overall provider satisfaction rating with extremely high provider retention. The MedSolutions prior authorization process also has been streamlined to reduce the wait time. Over 60 percent of requests are approved within minutes, and 95 percent are completed in one day.

Congress has a real opportunity with RBM to implement a program that both saves taxpayer dollars and improves the quality of care for patients. We stand with a ready-made solution to the serious challenges that you and your fellow policymakers face on Medicare spending and the broader implications it has for our nation's budget as a whole. We welcome the opportunity to speak with you further about the benefits MedSolutions can provide.

Sincerely,



Curt Thorne
President and Chief Executive Officer
MedSolutions, Inc.

cc: Representative Pete Stark
Chairman Joe Pitts
Representative Frank Pallone
Chairman Dave Camp
Representative Sander Levin
Chairman Fred Upton
Representative Henry Waxman
Chairman Max Baucus
Senator Orrin Hatch
Chairman Tom Harkin
Senator Mike Enzi
Speaker John Boehner
Democratic Leader Nancy Pelosi
Majority Whip Steny Hoyer
Majority Leader Harry Reid
Minority Leader Mitch McConnell