

Congress of the United States

Washington, DC 20515

May 20, 2011

Glenn M. Hackbarth, J.D.
Chairman
Medicare Payment Advisory Commission
601 New Jersey Avenue, NW
Suite 9000
Washington, DC 20001

Dear Chairman Hackbarth:

We are writing regarding the Medicare Payment Advisory Commission's (MedPAC) March and April meetings where the topic of ancillary services was discussed, particularly as it relates to medical imaging and radiation therapy. We are aware that these same topics, with recommendations from staff, were voted favorably by the Commission and will likely be included in your June Report to Congress.

While we value the expertise and recommendations that MedPAC provides to Congress, we are concerned that MedPAC does not appear to present the complete picture for medical imaging, particularly as it relates to recent trends in utilization. We believe it is essential to analyze the impact of the entire universe of changes over the last five years to medical imaging services utilization, spending, and payment policies both in place now and those in the process of being implemented.

Recent history has shown that MedPAC views medical imaging as a major driver of Medicare expenditure growth. Today, we must question the validity of that claim since the implementation of deep cuts in Medicare payment, beginning with the Deficit Reduction Act (DRA) of 2005. Imaging grew at a substantial rate during the early part of the last decade, likely due in large part to new technologies such as MRI, PET, and digital mammography, as well as new applications by physicians of older technologies. However, the same growth had begun to slow by 2005. Since that time growth has been dramatically reduced.

As you may already know, the Moran Company analyzed Medicare claims data and found spending for advanced imaging services was cut by 19.2 percent (13.3 percent for overall imaging) in 2007 compared to the previous year, due to the DRA.¹ The Government Accountability Office (GAO) submitted a similar report which showed that Medicare cut reimbursements by \$1.7 billion in the first year of DRA's implementation.² Since that time, total spending for imaging has remained modest with

¹ "Trends in Imaging Services Billed to Part B Medicare Carriers and Paid under the Medicare Physician Fee Schedule, 1998-2008." The Moran Company. 9 Oct. 2009. <http://www.acr.org/SecondaryMainMenuCategories/NewsPub...> (accessed Nov. 29, 2010).

² GAO-08-1102R Medicare: Trends in Fees, Utilization, and Expenditures for Imaging Services before and after Implementation of the Deficit Reduction Act of 2005., Letter to Senators Gordon H. Smith and John D. Rockefeller IV, September 26, 2008. Yee, Kate Madden. "Outpatient imaging: Key trends in a tumultuous healthcare environment." *Aunt Minnie*. Aunt Minnie. 30 Mar. 2009. <http://www.auntminnie.com/index.aspx?Sec=sup&Sub=imc&P...> (accessed Nov. 29, 2010).

spending in 2008 growing at 2.9 percent and 2009 levels decreasing by 2.1 percent. In addition, spending per beneficiary dropped by 1.5 percent from 2008 to 2009.

As MedPAC Commissioners contemplate for additional changes to payment levels and packaging related to imaging, it is important to note that previous scheduled reductions to payment levels for imaging services have yet to be implemented. The new health care reform law, P.L. 111-148, the Patient Protection and Affordable Care Act (PPACA), further reduced rates by increasing the assumed utilization rate of advanced diagnostic imaging equipment to 75 percent and included an increase in the multiple procedure payment reduction (MPPR) from 25 percent to 50 percent. Additionally, the Centers for Medicare and Medicaid Services (CMS) began to integrate, under the 2010 Medicare Physician Fee Schedule (PFS), new practice expense data collected in the Physician Practice Information Survey (PPIS). This will be phased-in over four years – dramatically reducing practice expense RVUs for many imaging services.

Finally, as you know, CMS is also working to implement provisions in the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) to ensure all imaging centers and physician offices providing advanced imaging services are accredited beginning January 1, 2012. Also contained in MIPPA is the creation of a CMS demonstration to use physician-developed appropriateness criteria to ensure that physicians are ordering the proper image at the appropriate time based on a particular patient's symptoms. Implementation of this program is currently underway. These provisions are an important step towards ensuring the proper utilization of medical imaging services and we hope that MedPAC will take note of policies that encourage the right utilization patterns for physicians.

Because of the far-reaching effects of recommendations made by MedPAC to life-saving medical tools, the most recent trends and data should be considered and analyzed separately. Specifically, we believe it will be important for Congress to understand the relationship between the growth of imaging services prior to the cuts from the DRA and the growth since the DRA, including a comparison to the growth of other Medicare services.

We urge you to reexamine the data as it relates to these services prior to finalizing any imaging recommendations and to fully consider additional scheduled payment reductions, prior to making any additional recommendations in the June report.

Sincerely,



Joseph R. Pitts
Chair, Subcommittee on Health
Energy and Commerce Committee



Frank Pallone
Ranking Member, Subcommittee on Health
Energy and Commerce Committee