

Access to Medical Imaging Coalition

Protecting and Preserving Access to Quality Imaging Services for our Nation's Medicare Patients

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CONTACT: Sarah Mills
202.585.2804/ smills@powelltate.com

Data Show Actual Imaging Equipment Utilization Rates Far Below President Obama's Recommended 95 Percent Utilization Rate Factor for Medicare Reimbursement

Based on Medicare Reimbursement Assumptions, Rural Imaging Centers Operate Equipment at a 48 Percent Rate

Washington, D.C. – The amount of time imaging equipment is in use in outpatient settings does not approach use rates President Obama and the Medicare Payment Advisory Commission (MedPAC) recommend Medicare utilize to calculate reimbursement for imaging, according to data recently collected by the Radiology Business Management Association (RBMA), a national association of business professionals in radiology.

The RBMA data, which consist of 261 imaging machines in 46 centers, show, using current Medicare assumptions, that imaging equipment in rural regions of the country operates only **48** percent of the time an office is open, while equipment in non-rural areas operates **56** percent of the time a center is open for business. Neither rural nor urban non-hospital diagnostic imaging providers operate equipment at rates anywhere near the levels the President or MedPAC recommend the Centers for Medicare and Medicaid Services (CMS) use to base reimbursements. President Obama recently recommended CMS base its reimbursement formula on a 95 percent utilization rate for advanced imaging equipment. MedPAC has recommended a 90 percent utilization rate for equipment that costs more than \$1 million.

The utilization assumption for advanced imaging equipment is a key component of the Medicare formula used to calculate reimbursements for all Medicare services including life-saving diagnostic imaging. Dramatically increasing the utilization assumption to a level significantly higher than actual use rates would result in a severe cut for imaging reimbursements that will impair access to diagnostic imaging services and cause patients to delay or forgo necessary imaging procedures. These cuts would have a particularly devastating impact on patients in rural regions of the country, causing congestion and delays at the point of care, and forcing physicians to pull back services in their communities.

“Spending on advanced imaging has decreased significantly since 2005 and imaging use has essentially flattened. When it comes to imaging, the curve has already been bent,” Tim Trysla, executive director of the Access to Medical Imaging Coalition (AMIC) said. “Any further deep imaging reimbursement cuts will severely disrupt patients’ access to diagnostic services. Bureaucratic red tape including long waits for appointments, delays in the waiting room and patients driving long distances will be typical if Medicare spending is reduced by levels proposed by President Obama or MedPAC.”

When calculating its reimbursement formula for diagnostic imaging services, the Centers for Medicare and Medicaid Services (CMS) currently assumes that imaging equipment is in use, on average, 50 percent of the available time. The RBMA data suggest the current Medicare utilization rate is similar to the actual rate at which imaging equipment operates.

“If policymakers want Medicare’s reimbursement formula to mirror actual imaging equipment utilization rates in both urban and rural practices, our data demonstrate CMS’ current use rate assumption is more

accurate than what Congress and the Administration are proposing,” said Michael Mabry, executive director of RBMA. “Since MedPAC’s utilization rate survey was based on only six urban regions, we understand policymakers’ need to continuously collect accurate use rate data to inform their reimbursement decisions. RBMA is committed to collecting and providing those data on an ongoing basis.”

AMIC contends that MedPAC’s 90 percent utilization rate change recommendation is based on a deeply flawed survey. Importantly, MedPAC’s recommendation to change the utilization assumption is based on data collected prior to the severe cuts that resulted from enactment of the Deficit Reduction Act of 2005 (DRA), and does not consider the impact on rural providers. MedPAC’s survey was limited to six urban areas, two modalities (MR and CT), and to providers operating in 2003. The survey merely provided a snapshot of equipment use in 2005 among 80 providers.

MedPAC itself even cautioned against using its survey to determine equipment use rates. According to transcripts of an April 19, 2006 meeting, MedPAC said: “This survey is a first step...It was not nationally representative and it was not designed to determine equipment use rates. Its intent was to assess the feasibility of getting use rate data from the survey.” CMS also agreed that that MedPAC’s survey was unsound. In its 2007 proposed physician rule, CMS did not alter the equipment utilization assumption, stating: “We do not believe we have sufficient empirical evidence to justify an alternative proposal [to the 50 percent utilization assumption.]”

According to a recent analysis conducted by The Moran Company, Medicare spending on advanced imaging – specifically CT, MR, Nuclear Medicine and PET – was reduced by 19.2 percent from 2006 to 2007 and volume of these services grew by a modest 1.9 percent, after imaging reimbursements were cut by the DRA. In fact, the survey shows that the rate of imaging volume growth has been declining since 2005. The slow 1.9 percent growth rate for advanced imaging is less than the overall growth rate for Medicare physician payments in general. For all imaging services, spending has decreased by 13.3 percent from 2006 to 2007. Additionally, the Moran analysis shows Medicare reimbursements for dual-energy x-ray absorptiometry (DXA), a key bone-mineral density screening test used to diagnose and monitor osteoporosis, fell by 40 percent from 2006 to 2007. The survey shows that reimbursement in 2007 fell to its lowest level since 2000. As deep Medicare spending cuts went into affect in 2006 and 2007, after the implementation of the DRA, the volume of DXA screenings declined by .2 percent. This marked the first time since Medicare began reimbursing physicians for DXA screenings that the volume of screening declined.

Instead of accepting the MedPAC recommendations without proper scrutiny, and given the vast disparity between actual use rates and what has recently been proposed, AMIC recommends that the Administration direct the Department of Health and Human Services to launch a public-private partnership tasked with collecting more comprehensive and accurate data from equipment scanning logs that measure the actual time an imaging machine is turned on and in use.

RBMA represents nearly 2,400 radiology practice managers and other radiology business professionals. Radiology practice managers are responsible for the day-to-day operation of radiology group practices. RBMA is the leading professional organization for radiology business management, offering quality education, resources and solutions for its members and the healthcare community.

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