

Access to Medical Imaging Coalition

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

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Contact:

New Analysis Shows Serious Flaws with MedPAC Proposal to Raise Rate of Diagnostic Imaging Equipment Use to 90 Percent

Study Concludes that MedPAC's Proposal Would Lead to Equipment Congestion, Patient Access Challenges and Cost Increases

Washington, D.C. – Requiring diagnostic imaging equipment in physicians' offices and independent testing facilities to be utilized 90 percent of the time – as recommended recently by the Medicare Payment Advisory Commission (MedPAC) – is unrealistic based on fundamental economic principles and from a basic medical workflow perspective, according to a new analysis released today by the Access to Medical Imaging Coalition (AMIC), a coalition of physician, patient and imaging manufacturer groups. If implemented, this large and arbitrary increase in required utilization of advanced medical imaging equipment (a 40 percentage point jump from the current utilization assumption of 50 percent) would cause congestion and delays in care that could lead patients to postpone or even forego critical diagnostic testing.

The analysis, conducted by David A. Butz, Ph.D., *MDCContent* and David W. Lee, Ph.D, Senior Director, Health Economics and Outcomes Research at GE Healthcare, examined the current Medicare reimbursement formula for diagnostic imaging services, reviewed MedPAC's rationale for proposing an increase in the utilization factor (defined as the percentage of a facility's operating time that imaging equipment should be in use) and explained the association between utilization factors and economic efficiency. Butz and Lee found that while increasing utilization may initially lower the cost per service, a 90 percent utilization factor surpasses the tipping point at which increased utilization becomes counterproductive, increases costs and can overwhelm the system.

"We undertook this analysis to better understand the important role of payment for advanced diagnostic imaging in maintaining the ever-delicate balance between patient access to care and rising healthcare costs," said Lee. "We found that MedPAC's proposal to raise the utilization factor to 90 percent isn't supported by any credible data, and such a precipitous increase would likely lead to potentially dangerous disruptions in patient diagnosis and care. As such, we recommend that any changes to the utilization factor be deferred until better information on current utilization levels and a process to monitor access to care are available."

Advanced imaging services provided in independent diagnostic testing facilities and physicians' offices are reimbursed under the Medicare Physician Fee Schedule (MPFS). Current MPFS reimbursement rates for medical imaging are set in accordance with Medicare's policy that beneficiaries should have access to these services during standard business hours and that imaging equipment should be in use 50 percent of the available time. MedPAC's recommendation to dramatically increase this utilization factor to 90 percent in recalculating reimbursement rates for procedures using medical equipment that costs more than \$1 million, such as computed tomography (CT) and magnetic resonance (MR) imaging systems, is their attempt to base payment on a hypothetical "efficient" provider.

“The idea of basing payment on an efficient provider sounds good, but coming up with an actual definition is very difficult due to the wide variation in practice patterns, cost structures and need for services,” said Dr. Butz.

Tim Trysla, executive director of AMIC, noted that the imaging congestion that occurs when utilization factors are too high can have a variety of other negative systemic consequences that more than offset the intended cost-saving benefit.

“This analysis shows that a 90 percent utilization factor would likely make patients travel farther for testing and suffer longer delays in receiving necessary care – this not only means delays in being able to see a doctor, but also in the waiting room and ultimately in getting their test results – particularly in rural areas,” said Trysla. “Additionally, this unrealistic usage rate would create a perverse financial incentive for providers to disenfranchise frail and elderly Medicare beneficiaries because older patients generally take longer to situate and scan. All of these factors could lead to serious complications in patients’ diagnosis and care, ultimately affecting healthcare outcomes and raising system costs.”

Trysla said that AMIC supports the review of additional data on this issue and stands ready to work with Congress and the Centers for Medicare and Medicaid Services to develop a more accurate and informed change in the current utilization rate. “By using existing data and technology, we are in a position to refine Medicare’s existing policy, provide all stakeholders with transparent and credible reimbursement methodologies, and foster continuous improvements in care,” said Trysla. “We urge policymakers to take a more evidence-based approach to setting policy to ensure that we succeed in our common goal of maximizing efficiency while maintaining vital patient access to care.”

To download the study, [click here](#).

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About AMIC – AMIC represents more than 100,000 physicians, medical providers, and patient organizations throughout the U.S. It also includes health technology firms that manufacture imaging equipment and supplies and that employ tens of thousands of workers. Thus, AMIC represents those who develop medical imaging technologies, those who apply it, and those who benefit from it. The coalition was organized in early 2006, soon after Congress passed the Deficit Reduction Act of 2005, which significantly reduced the level of funding for medical imaging services provided in independent imaging facilities and physician offices. The coalition conducts public affairs, advocacy, and educational activities on behalf of legislation to address these payment reductions. It also promotes the adoption of policies that focus on medical imaging quality and appropriateness, so that patients are receiving the right imaging test by the right provider at the right time.