

# Cuts in Imaging Payments Will Deepen Over Time

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Endocrinologists are bracing for deep cuts in outpatient imaging services slated to be phased in over the next few years.

If nothing is done to stop the spiraling decline in payment under Medicare, some endocrinologists say they may have to stop providing services such as dual-energy x-ray absorptiometry (DXA) in their offices.

Though the Medicare payment cuts began in January, the impact will be felt over the next few years, said Dr. Nelson B. Watts, director of the Bone Health and Osteoporosis Center at the University of Cincinnati and a past president of the International Society for Clinical Densitometry.

And the situation is somewhat unpredictable because some private insurance plans are planning cuts as well, while others have not announced whether they will follow Medicare's lead in this area.

"The news is filtering down slowly. There are physicians who are hard hit but don't know it yet," Dr. Watts said.

Dr. Watts, who splits his time between clinical trials and patient care, said he might have to stop performing DXA in the office outside of clinical trials. The loss in revenue from DXA scans also could mean further disruption to his practice since that money currently allows him to keep a nurse practitioner on staff.

The cuts to imaging services under Medicare are coming largely from two areas—cuts mandated under the Deficit Reduction Act of 2005 (DRA) and changes made to practice expense methodology under the physician fee schedule. Under the DRA, Medicare is required to set the fee for the technical component of an imaging service at the hospital outpatient department rate as long as that rate is lower than the Medicare physician fee schedule payment rate.

The combined effect of these cuts is an immediate 40% decline in DXA reimbursement in 2007, dropping payments from about \$139 to \$82 for a DXA scan (77080). However, by the time the cuts are fully implemented in 2010, the reimbursement for DXA will drop a total of about 75% to \$35, according to estimates from the International Society for Clinical Densitometry. Similar cuts are scheduled for payment for vertebral fracture assessment (77082), which will drop from \$39 to \$33 this year and to \$19 in 2010.

In the area of thyroid imaging, the DRA has triggered approximately a 35% cut in payment for ultrasonic guidance for biopsy (76942) in 2007. Thyroid ultrasound (76536) is not cut this year under the DRA provision because the physician fee schedule payment already is lower than the hospital outpatient department payment rate, according to the American Association of Clinical Endocrinologists (AACE).

Those who already have made the investment in equipment may choose not to spend the money for upgrades or replacement, said Dr. Daniel S. Duick, an en-

docrinologist in Phoenix, and president-elect of AACE.

Over time, it will become a problem of patient access. "Physicians are going to kind of balk" at continuing to provide these services in their offices, Dr. Duick said.

As more physicians refer patients to hospitals or freestanding radiology clinics for imaging services, it also will become a quality of care problem, endocrinologists say.

Dr. Victor L. Roberts, an endocrinologist in Winter Park, Fla., does only a limited amount of imaging in his office and refers patients outside his practice for the rest. Besides the inconvenience for patients, the technical quality varies, he said.

However, when imaging services such as thyroid ultrasound are performed by the endocrinologist, they are done at the bedside by someone who is familiar with the patient's history. "It's better if it's done by the physician who knows the patient," Dr. Roberts said.

But there may some relief on the horizon for endocrinologists and other physicians who provide in-office imaging services.

Rep. Carolyn McCarthy (D-N.Y.) recently introduced legislation calling for a 2-year moratorium on the imaging cuts included in the DRA. The Access to Medicare Imaging Act (H.R. 1293) also would require the Government Accountability Office to study the impact of the payment reductions in the DRA to see how they affect patient access and service issues. A similar bill was introduced in the last Congress but failed to gain traction.

This year's version of the legislation is slightly different because it also includes a provision that would permanently exempt the imaging procedures commonly performed in endocrinologists' offices from the DRA cuts. If the legislation passed, the DRA cuts would be applied to only "advanced diagnostic imaging services" such as MRI, CT, PET, and nuclear cardiology procedures.

The legislation already has garnered the endorsement of the Endocrine Society. AACE officials were reviewing the legislation but did not have an official position at press time.

The bill is an "intermediate fix," said Dr. Jonathan D. Leffert, chair of the legislative and regulatory committee of AACE and an endocrinologist in Dallas. But if passed, it would offer a significant improvement in the payment situation, he said, and allow physicians to at least consider continuing to provide in-office imaging services.

The bottom line is that these imaging technologies have become the standard of care in the office, said Dr. R. Mack Harrell, chair of the AACE socioeconomic committee and an endocrinologist in Ft. Lauderdale, Fla. But physicians are fully aware of the cost issues involved and are not in favor of the uncontrolled use of in-office imaging, he said. In fact, groups like AACE are trying to help by certifying and licensing members who perform ultrasound and DXA in their offices. "We're not in favor of the unrestrained use of these technologies," Dr. Harrell said. ■

## POLICY & PRACTICE

### Docs Abuse Tax System

Thousands of Medicare Part B physicians, health professionals, and suppliers abused the federal tax system with little consequence, an analysis from the Government Accounting Office found. More than 21,000 Medicare Part B providers—about 5% of the total—had tax debts totaling more than \$1 billion, mainly individual income and payroll taxes. Sen. Norm Coleman (R-Minn.), ranking member of the Permanent Subcommittee on Investigations, is using the report to press the Centers for Medicare and Medicaid Services to adopt the federal levy system, which would allow the Internal Revenue Service and the Treasury Department to tap into Medicare payments to providers in order to cover back taxes. "This is a classic case of the right hand not knowing what the left hand is doing," Sen. Coleman said in a statement, noting that the federal government could have collected between \$50 million and \$140 million in 2005 if CMS had participated in the levy program. Medicare officials said at a hearing in March that they are working with the IRS and other agencies to manage payment policies.

### Penalized by High-Deductible Plans

High-deductible health insurance plans discriminate against women by leaving them with far higher out-of-pocket health bills than men, according to a study from Harvard Medical School, Boston. The study also found that adults aged 45-64 years, those with any chronic condition such as asthma or high blood pressure, and children taking even one medication were likely to suffer financially in high-deductible plans. Under the plans, patients must pay at least \$1,050 before their health coverage kicks in. In 2006, the median cost of care (both insurance and out-of-pocket) for women aged 18-64 was \$1,844, compared with \$847 for men. For middle-aged adults, the mean expenditure was \$1,849 for men and \$2,871 for women. High blood pressure patients had a mean annual expenditure of \$3,161, while diabetics taking at least one medication had a mean expenditure of \$5,774. "Even common, mild problems like arthritis and high blood pressure make you a loser in a high deductible plan," said Dr. David Himmelstein, study coauthor and an advocate of a single-payer system.

### Retail Clinics Replacing PCPs

More than 1 in 10 retail medical clinic users said the clinics have mostly or completely replaced their primary care physicians for the types of treatments offered at such facilities, according to a study from Market Strategies Inc., a research firm. "Consumers are telling us in no uncertain terms that convenience is so critical to them that they will forego traditional primary care providers in exchange for access to the kind of quick and convenient basic care services offered by retail clinics," said John Thomas, MSI vice president, in a state-

ment. The MSI study also indicated that consumers who have used retail clinics are open to treatment for a wider range of conditions including migraine, dyslipidemia, and hypertension. In addition, 30% of all consumers polled said that the clinics should compete with primary care physicians by offering a broader variety of services. The American Academy of Family Physicians said in a February policy statement that retail clinics should have a "well-defined and limited scope of clinical services," and that they should encourage all patients to have a medical home.

### Negotiation Could Save \$30 Billion

Legislation that would allow Medicare to use its bulk purchasing power to negotiate for lower prescription drug prices under Part D could save U.S. taxpayers and seniors more than \$30 billion annually, an advocacy group reported. The Institute for American Research said that about \$10 billion of those savings would accrue to U.S. seniors in the form of cheaper prices, while the U.S. government could save roughly \$20 billion a year by having Medicare negotiate for the same prices the Department of Veterans Affairs already gets. However, the Pharmaceutical Research and Manufacturers of America (PhRMA), which represents drug makers and opposes the legislation, said that pharmacy benefit managers already are negotiating with manufacturers for lower prices under Part D.

### Cuts Would Harm Seniors

Three-fourths of physicians said they believe that seniors will be harmed if Congress cuts the Medicare Advantage program, and the vast majority of doctors said lawmakers should cut other programs or raise taxes rather than cut Medicare Advantage, according to the industry group America's Health Insurance Plans (AHIP). In addition, 35% of seniors enrolled in Medicare Advantage said they would skip some of the health care treatments they currently receive if the option of choosing a Medicare health plan is taken away. The findings are from two surveys released by AHIP in March.

### Changing MD Demographics

A major demographic shift is underway in medicine as female physicians become more numerous, and this trend will influence the way medical groups recruit and retain physicians throughout their career cycles, according to the 2006 Retention Survey from the American Medical Group Association and Cejka Search, an executive search organization. In 2006, female physicians accounted for 35% of physicians employed in the medical groups responding to the survey, compared with 28% in the previous survey. The study revealed that factors such as "poor cultural fit" and family issues are the driving forces in physician turnover. Part-time and flexible work options also are growing in importance, the survey found.

—Jane Anderson