

Medicare Imaging Cuts Slammed by House Panel  
By John Reichard, CQ HealthBeat Editor

Cuts in Medicare payments for medical imaging that are scheduled to start Jan. 1 took a beating at a House hearing Tuesday, with only one or two lonely voices offered in defense.

The cuts were mandated in a provision slipped into a fiscal 2006 budget savings law (PL 109-171) that will trim \$2.8 billion from those payments over five years. But a number of lawmakers and witnesses at the House Energy and Commerce Health Subcommittee hearing said the cuts should be delayed until 2009, pending a Government Accountability Office study of their impact.

Rep. Charlie Norwood, R-Ga., who appeared to be grimacing through testimony by an administration official explaining the cuts' rationale, led the critical questioning.

Noting his own recent brush with death from lung disease and opining that medical imaging probably helped save his life, Norwood fired off a series of questions aimed at showing that Medicare can't be confident the cuts won't slice into medically necessary treatment because the agency doesn't know enough about the reasons for rapid increases in imaging costs.

Dissatisfied with answers provided by Herb Kuhn of the Centers for Medicare and Medicaid Services, Norwood said pointedly, "It seems to me that it's pretty important that we understand totally and completely what these increases are all about."

Norwood then turned to Medicare Payment Advisory Committee Chairman Glenn Hackbarth, asking him what proof he could offer to justify his testimony that the recent increase in imaging stemmed in part from an effort by some doctors to supplement their incomes.

When Hackbarth began to talk about pitches made to physicians at conferences about using imaging to increase income, Norwood interjected that proof is "pretty important because you're saying to us this is one of the major causes" of increased imaging costs. Hackbarth then said he wanted to make it clear that he wasn't saying this was true of all physicians, but Norwood again cut him off, saying, "I speculate you're right - I want proof."

"I can give you examples of it happening," Hackbarth continued.

"OK, then I need you to give me examples of it not happening," Norwood interjected, saying Congress needs to know how often doctors order imaging to boost income, whether rarely or routinely. "We have cut what we pay for imaging, which is absolutely

vital to health care today, and the patient is maybe the one in the end who is not going to fare well under this.

"You say you have a study, but you and I have been in this town long enough to know you can make a study say anything you want it to say," Norwood added.

Rep. Lois Capps, D-Calif., told Kuhn that she is worried the cuts will affect cancer patients' access to radiation therapy. Asked how access will be maintained, Kuhn said that issue will be part of the discussions CMS aims to elicit on the cuts in publishing a proposed rule later this summer on how to implement them.

Kuhn also said it is unclear in the budget savings law whether the cuts are to apply to therapeutic as well as diagnostic imaging, and that CMS wants to obtain comment on that matter with the proposed rule.

Rep. Anna G. Eshoo, D-Calif., warned against a meat-axe approach to imaging cuts, noting Norwood's suggestion that imaging may have helped save his life and reiterating the doubt that CMS thoroughly understands the impact that imaging cuts would have on savings generated by imaging technology on hospital care.

Manufacturers say imaging saves Medicare large sums by avoiding exploratory surgery and by catching diseases before they grow worse. When Eshoo asked what kind of savings imaging generates, Kuhn said CMS hasn't done a detailed analysis. Eshoo then asked whether the agency had done any analysis, and Kuhn repeated the agency hadn't done a detailed analysis.

Imaging use should not be discouraged without a thorough understanding of its impact, said Edolphus Towns, D-N.Y. "I know we're trying to cut costs . . . but we really have to be careful," he said.

Kuhn noted that imaging spending has been rising at a fast clip. "Between 2000 and 2005, spending for imaging services paid under the physician fee schedule more than doubled from \$6.6 billion to \$13.7 billion, an average annual growth rate of 15.7 percent. This compares to an annual growth rate of 9.6 percent for all physician fee schedule services."

Spending for "advanced" imaging, a category largely consisting of CAT scans and MRI procedures, grew by 25 percent during 2005 and 82 percent from 2003-05, he said.

Those rapid increases raise questions about over utilization of imaging services, Hackbarth testified. While individual patients' imaging clearly improves medical outcomes, research shows that more imaging spending in the aggregate is not necessarily tied to better outcomes, he said.

Kuhn similarly testified that "the rapid increase in Medicare spending for imaging services, coupled with extensive geographic variation in their use, raises questions about

whether such growth is appropriate and whether all imaging services are used appropriately."

In part, the increase in spending relates to the shift in imaging services from hospitals to doctors' offices, which receive higher payments. Kuhn noted that in 2006 the Medicare physician fee schedule pays \$903 for performing MRIs, but hospital outpatient departments are paid \$506 for doing the same test, with a separate fee paid for interpretation of the image.

The budget savings measure caps imaging payments at the level paid to hospital outpatient departments. Screening and diagnostic mammograms are exempt from the change.

A bill ( HR 5704 ) introduced by Rep. Joe Pitts , R-Pa., that would delay the start of the cuts for two years pending a GAO study drew support from a number of subcommittee members as well as from industry and provider groups.

But Kuhn noted that the imaging cuts are funding part of the cost of erasing Medicare physician payment cuts in 2006. And fast-rising imaging outlays are contributing to the rapid rise in the Medicare Part B premium, he added.

The hearing also featured testimony on the issue of adopting standards to improve the quality of imaging. Robert V. Baumgartner, representing the National Coalition of Quality Diagnostic Imaging Services, urged that all providers be subject to the regulations that govern independent testing facilities. "Imaging equipment and facilities operated by providers not specifically trained to provide complex diagnostic imaging services can be suboptimal with regard to equipment quality, technologists operating the equipment, the quality of images produced, and ultimately interpretation of these diagnostic images," he said.