

GAO Finds Self-Referrals Increase Medicare Spending

According to a recent Government Accountability Office (GAO) report, physicians are driving up Medicare costs with self-referrals. Medicare paid \$109 million more in 2010 for MRIs and CT services than it would have absent self-referral incentives, the report found.

The GAO investigated self-referrals for MRI and CT services from 2004 to 2010. It found that the number of self-referred MRI services increased by more than 80 percent compared to a 12 percent increase for non-self-referred MRI services. For CT services, the growth of self-referred services more than doubled, while non-self-referred CT services increased by about 30 percent.

The GAO recommends that CMS improve its ability to identify self-referral of advanced imaging services and address increases in these services. The Department of Health and Human Services, which oversees CMS, stated it would consider one recommendation, but did not concur with the others.

Both Democrats and Republicans say that Medicare should not incentivize unnecessary tests. Many physician groups say restricting in-office imaging would hurt patients. The American Association of Orthopaedic Surgeons says in-office imaging is a useful tool that leads to more patients following treatment plans and to improved outcomes.