

July 21, 2008

The Honorable John D. Rockefeller, IV  
Chairman  
Senate Committee on Finance, Subcommittee on Health  
Washington, D.C. 20510

The Honorable Gordon H. Smith  
Ranking Member  
Senate Special Committee on Aging  
Washington, DC 20510

Dear Senators Rockefeller and Smith,

The undersigned organizations are writing to provide our views on the findings in the Government Accountability Office (GAO) report, "Medicare Part B Imaging Services – Rapid Spending Growth and Shift to Physician Offices Indicate Need for CMS to Consider Additional Management Practices." We appreciate your strong support for improved and safe access to imaging services for our nation's seniors.

We recognize this is the first of a two-part GAO study. While anticipating the conclusion report, we felt it was important to put GAO's initial findings into context:

First, we want to emphasize that advances in the use of medical imaging have transformed the practice of medicine in recent years. In-office imaging provides patients with prompt, convenient, high-quality test results and allows for a more timely diagnosis and initiation of treatment. It has proven valuable by providing savings in other areas of Medicare spending by supplanting invasive techniques performed in hospital settings, allowing specialists to diagnose and treat patients sooner, before complications arise, and reducing the number of office visits. The question of benefits of imaging is not addressed by detailing the numbers in a single health care setting in the absence of a discussion of measured outcomes and cost savings.

Congress recognizes the importance of determining appropriate use and quality improvement -- without prior authorization -- in the recently enacted H.R. 6331, the "Medicare Improvements for Patients and Providers Act of 2008." This law includes the implementation of accreditation requirements by 2012 that provide appropriate safeguards and protections to beneficiaries. In addition, the law establishes a two-year demonstration to assess the appropriate use of imaging services by collecting data regarding physician compliance with appropriateness criteria and providing feedback reports to the physician.

**Prior Authorization Will Negatively Impact Patient Care**

The GAO report recommended that CMS examine the feasibility of using prior authorization through radiology benefit management companies (RBMs) for imaging services provided to Medicare beneficiaries. We believe this is an ill-advised policy. Under prior authorization, physicians must obtain some form of plan approval to assure coverage before ordering

imaging services. Our physician members have found that prior authorization through RBMs is an intrusion in the physician-patient relationship and amounts to a large administrative burden for physician practices, particularly small practices, and negatively impacts the quality of patient care.

Prior authorization is not effective at enhancing the quality of imaging tests. It is focused on individual patient cases and is not provided in the context of overall data on practice patterns or transparent algorithms. It does not provide physicians with feedback on their overall use of resources. In fact, the approval and denial methodology that RBMs use in their prior authorization programs are “black boxed.” This is in direct conflict with the Administration’s Value-Driven Healthcare Initiative and the increasing focus on transparency and, as noted in the GAO report, CMS would have to overcome legal hurdles to implement such a program.

Many RBMs say they use clinical guidelines and appropriateness criteria developed by specialty societies, however the algorithms and questions used during the prior authorization process substantially differ from the guidelines and criteria published by the specialties. They use a selective application of specific criteria and indications for their own proprietary algorithms. Several of the undersigned organizations have requested supporting documentation and data from health plans and RBMs but have not received any data or results outside of self-created marketing materials. The RBMs claim such information is proprietary from the organizations and the referring physicians. A recent survey of cardiology practices found that more than 75 percent of practices feel the RBMs do not provide transparent clinical decision algorithms, feedback on practice approval and denial rates or ways to improve the quality of care. In addition, almost 80 percent of respondents have examples of appropriate tests being denied.

Prior authorization is an added burden on patients. Under prior authorization, patients have to wait to receive needed tests, causing delays in diagnosis and care. On average RBMs process requests in 48-72 hours after request receipt. According to a survey of cardiology practices, almost half of practices have one or two patients a day who do not have an approved authorization for a procedure, and most must reschedule their appointments.

Many critical questions regarding prior authorization were not answered by the GAO. Are image-needy patients denied standard of care practices by the RBMs? Is there evidence that the money paid to these parties is useful to the medical system or does this phenomenon (and the increased cost of obtaining pre-authorization to practices) just shift or delay medical costs? Or do they actually cost the system money by putting off early diagnoses and worsening long-term outcomes and spending, while making short-term large profits from this business model?

Prior authorization would be costly and require significant administrative resources for the Medicare program to implement. We believe Medicare funds would be better spent on patient care and on fostering quality improvement. Therefore, we urge CMS to instead consider other imaging initiatives that can impact the quality of care and potentially lower imaging utilization.

### **The Report's Methodology Paints an Incomplete Picture**

We are disappointed that the data used by the GAO, from 2000 to 2006, is outdated and does not include the impact from the Deficit Reduction Act (DRA), effective in January 1, 2007. The more recent evidence shows that the growth in imaging is showing sharp decreases. According to American Medical Association analysis of CMS data file, 2007 spending for imaging fell an estimated 14 percent or \$1.8 billion from 2006 (see attachment). In addition, according to the March 2008 MedPAC report, the growth in imaging volume was 6.2 percent in 2006 compared to 8.7 percent in 2004 to 2005. This recent leveling off in growth and spending is an indication that the profession is successfully self regulating, and that the rapid growth noted in the report was a phase of natural growth and transition.

Finally, we are disappointed that the GAO did not take the input of physician organizations into account when developing the report. The report falls far short on painting a full picture on the state of office-based imaging and doesn't examine the reasons for growth, such as defensive medicine, or if that growth is appropriate.

### **Conclusion**

We strongly believe Medicare patients deserve the highest level of quality health care and access to the best imaging technology available. The technology used must be safe, accurate, accessible, and medically necessary. Further, we do not believe prior authorization is the solution and have significant concern about its negative impact on quality patient care. We look forward to working with you to ensure our nation's seniors continue to reap the benefits of imaging services.

Sincerely,

American Academy of Otolaryngology—Head and Neck Surgery  
American Association of Clinical Endocrinologists  
American Association of Clinical Urologists  
American Association of Neurological Surgeons  
American College of Cardiology  
American College of Obstetricians and Gynecologists  
American College of Surgeons  
American Gastroenterological Association  
American Medical Group Association  
American Society for Gastrointestinal Endoscopy  
American Society of Echocardiography  
American Society of Neuroimaging  
American Society of Nuclear Cardiology  
Congress of Neurological Surgeons  
The Endocrine Society  
Medical Group Management Association  
Society for Cardiovascular Angiography and Interventions  
Society for Vascular Surgery  
Society of Cardiovascular Computed Tomography