

AIM

ALLIANCE FOR INTEGRITY IN MEDICARE

Closing the Self-Referral Loophole and Preserving Medicare Integrity

PARTNERS IN THE COALITION



May 11, 2011

The Honorable Dave Camp
Chairman
House Committee on Ways & Means

The Honorable Wally Herger
Chairman, Subcommittee on Health
House Committee on Ways & Means

The Honorable Sander Levin
Ranking Member
House Committee on Ways & Means

The Honorable Pete Stark
Ranking Member, Subcommittee on Health House
Committee on Ways & Means

Dear Chairmen and Ranking Members:

On behalf of the Alliance for Integrity in Medicare (AIM), a coalition committed to ending the practice of inappropriate physician self-referral in Medicare, we applaud your leadership in proactively exploring innovative delivery and physician payment system reforms. The May 12, 2011 hearing is an important step in finding a permanent solution to the flawed Medicare physician payment formula.

Our coalition believes Medicare physician payment reform is critical to stabilizing and enhancing the Medicare program moving forward. However, we are concerned that payment solutions alone will not sufficiently address questionable referral practices that run counter to your efforts to curb costs and achieve long-term sustainability of the program. Therefore, we urge Congress to consider addressing unintended loopholes within the current physician self-referral law in concert with reforming the Medicare physician payment formula.

The undersigned organizations, representing thousands of health professionals in the fields of advanced diagnostic imaging, anatomic pathology, physical therapy, and radiation therapy, are extremely concerned that misapplication of the in-office ancillary services (IOAS) exception to the physician self-referral law is potentially leading to increased spending, unnecessary overutilization of services, and could also lead to compromised patient choice and care. Congress created the ancillary services provision to allow physicians to offer services that were integral to a single visit to the physician's office. A common feature of these four services is that each requires time to complete outside of an office visit, specialized training, and independent professional judgment to perform.

The expansive use of the IOAS exception by physician groups in a manner not originally contemplated by the law undercuts the purpose of the law and can substantially increase costs to the Medicare program and its beneficiaries. As you know, the Government Accountability Office is investigating self-referral in all four of these service areas. Their report and recommendations are expected later this year.

As a way to help offset part of the costs of repealing the Sustainable Growth Rate formula before moving to a new payment system, we recommend Congress remove advanced diagnostic imaging, anatomic pathology, physical therapy and radiation therapy from the IOAS exception, while preserving the ability of robust, integrated multi-specialty group practices to offer these services. Not only would removing these services from the IOAS exception represent sound health care policy, aligning incentives to reward independent medical judgment, patient choice and quality over financial benefit, but it also could potentially produce substantial savings to the Medicare program that could be used to pay for part of the costs of a physician payment fix.

We appreciate your dedication to providing long-term payment stability for physicians and health professionals that treat Medicare patients and look forward to working with you toward a permanent solution. Please contact Dave Adler, director of government relations for the American Society for Radiation Oncology, at 703-839-7362 if you have any questions.

Sincerely,

The Alliance for Integrity in Medicare

American Clinical Laboratory Association
American College of Radiology
American Physical Therapy Association
American Society for Clinical Pathology
American Society for Radiation Oncology
Association for Quality Imaging
College of American Pathologists
Radiology Business Management Association