

# AIM

ALLIANCE FOR INTEGRITY IN MEDICARE

*Closing the Self-Referral Loophole and Preserving Medicare Integrity*

PARTNERS IN THE COALITION



December 5, 2011

The Honorable Max Baucus  
*Chairman, Committee on Finance*  
U.S. Senate  
Washington, D.C. 20510

The Honorable Orrin Hatch  
*Ranking Member, Committee on Finance*  
U.S. Senate  
Washington, D.C. 20510

Dear Chairman Baucus and Ranking Member Hatch:

The Alliance for Integrity in Medicare (AIM), a coalition committed to ending the practice of inappropriate physician self-referral in Medicare, appreciates your commitment to address the Medicare sustainable growth rate (SGR), and we acknowledge the significant challenges Congress faces in deciding how to pay for necessary changes to prevent significant payment cuts. Therefore, we respectfully request that you expedite the Congressional Budget Office's ongoing efforts to estimate the savings generated from closing the Medicare physician self-referral loophole and consider using these potential savings as an offset for halting the pending physician payment cuts under the SGR.

We believe that the ongoing misapplication of the in-office ancillary services (IOAS) exception to the Ethics in Patient Referrals Act, known as the Stark law, results in increased spending, unnecessary overutilization of services, and could also lead to compromised patient choice and care. Since the IOAS exception was implemented, the Stark law and its policy objectives have been diluted, making it possible for physicians to avoid the law's prohibitions by structuring arrangements to meet the technical requirements, but not the intent of the exception. Evidence shows that physician self-referral leads to increased utilization of services that may not be medically necessary, poses a potential risk of harm to patients and costs the health care system billions of dollars each year.

As a result, the undersigned organizations, representing thousands of health professionals in the fields of advanced diagnostic imaging, anatomic pathology, physical therapy, and radiation therapy, strongly support efforts to close the loophole and curtail inappropriate spending in the Medicare program to sustain the program for current and future beneficiaries. We are confident that closing the self-referral loophole for the services noted above -- while preserving the ability for truly integrated multi-specialty practices to continue providing services through the exception -- will create savings for the Medicare program through a reduction in inappropriate utilization of diagnostic tests and therapeutic interventions.

We would appreciate the opportunity to discuss this issue and its potential savings in greater detail. For further information, please contact Dave Adler, ASTRO's director of government relations, at (703) 839-7362.

Thank you in advance for your consideration.

Sincerely,

**The Alliance for Integrity in Medicare**

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