



ALLIANCE FOR INTEGRITY IN MEDICARE
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JOINT STATEMENT FROM THE ALLIANCE FOR INTEGRITY IN MEDICARE APPLAUDING SELF-REFERRAL REFORM PROPOSAL IN THE PRESIDENT'S FY 2017 BUDGET

The Alliance for Integrity in Medicare (AIM), a broad coalition of medical specialty, laboratory, radiation oncology, and medical imaging groups committed to ending the practice of inappropriate physician self-referral, is extremely pleased that President Obama's [FY 2017 Budget](#) released today again recommends removing anatomic pathology, advanced diagnostic imaging, physical therapy, and radiation therapy from the physician self-referral law's in-office ancillary services (IOAS) exception. We applaud the Administration for demonstrating its support of Medicare beneficiaries by proposing to close the self-referral loophole for the fourth consecutive year.

The AIM Coalition continues to be concerned about the ongoing misapplication of the IOAS exception to the physician self-referral law. Independent evidence, including from the *Government Accountability Office*ⁱ, *Health Affairs*ⁱⁱ, the *New England Journal of Medicine*ⁱⁱⁱ, and, most recently, the *Journal of the American Medical Association*^{iv}, consistently shows that the physician self-referral loophole results in, at a minimum, increased spending and at its worst, unnecessary and inappropriate utilization of medical services, which potentially compromise the quality, safety, and integrity of the Medicare program.

There is continued and increasing support for this critical public policy reform from groups representing seniors. In December 2014, AARP wrote a letter to Rep. Jackie Speier (D-Calif.) on her legislation to restrict self-referral abuse that said: "Closing the in-office ancillary services exception for certain services will save taxpayers and Medicare beneficiaries money and reduce unnecessary care." More recently, the Medicare Rights Center, a national, nonprofit consumer service organization added its voice to a growing group of bipartisan policy experts, including The Moment of Truth Project and the Bipartisan Policy Center, that have recommended narrowing the IOAS exception to eliminate abuse caused by this loophole.

AIM commends the Administration's FY 2017 Budget for recommending the exclusion of anatomic pathology, advanced diagnostic imaging, radiation therapy and physical therapy services from the IOAS exception. The Office of Management and the Budget estimates that closing the loophole for these services would provide a savings of \$4.89 billion dollars during the standard ten-year budget window.

i. A series of 2013 GAO reports requested by bipartisan leaders in Congress examining the rise of self-referrals found increases in self-referrals for magnetic resonance imaging (MRI), computed tomography (CT) services, and anatomic pathology services ordered by physicians who self-refer, when compared to those physicians who do not.
ii. Mitchell, J.M. (2012). "Urologists' Self-Referral For Pathology Of Biopsy Specimens Linked To Increased Use And Lower Prostate Cancer Detection." *Health Affairs*, 31:4741-749.
iii. Mitchell, J.M. (2013). "Urologists' Use of Intensity-Modulated Radiation Therapy for Prostate Cancer." *The New England Journal of Medicine*, 369, 1629-1637.
iv. Adashi EY, Kocher RP. "Physician Self-referral: Regulation by Exceptions." *JAMA*. Published online January 12, 2015. doi:10.1001/jama.2014.16600.

In January, the AIM Coalition wrote Congressional leaders examining improvements to the self-referral law as the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) and Medicare Accountable Care Organizations/shared savings programs are implemented.

Since Medicare fee-for-service continues under MACRA, the financial incentive remains for clinicians to exploit the IOAS exception for anatomic pathology, advanced diagnostic imaging, radiation therapy, and physical therapy services. Alternative payment models (APMs) will not be successful if arrangements that allow overutilization continue to be incentivized in the Medicare program. It is imperative for Congress to ensure that only those group practices participating in APMs and are truly clinically integrated may use the IOAS exception.

The AIM Coalition appreciates that the President's FY 2017 Budget signals the Administration's intent to preserve Medicare resources and put patients before profits. Furthermore, AIM strongly urges the 114th Congress to build upon the recommendations of the Administration and others by passing legislation that closes the IOAS self-referral loophole once and for all. Reforming this policy will ensure that Medicare patients receive the highest quality and most appropriate care for their needs, in addition to properly aligning Medicare policy incentives — a positive for beneficiaries, providers, and all Americans.

The Alliance for Integrity in Medicare

American Clinical Laboratory Association
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

The Alliance for Integrity in Medicare (AIM) is a broad coalition of medical societies committed to ending the practice of inappropriate physician self-referral and focused on improving patient care and preserving valuable Medicare resources. AIM partners include the American Clinical Laboratory Association (ACLA), the American Physical Therapy Association (APTA), the American Society for Clinical Pathology (ASCP), the American Society for Radiation Oncology (ASTRO), the Association for Quality Imaging (AQI), the College of American Pathologists (CAP) and the Radiology Business Management Association (RBMA). More information is available at www.aimcoalition.com.