

Current utilization assumption rate accurately reflects imaging equipment use

The Centers for Medicare and Medicaid Services (CMS) and Congress want to increase Medicare's equipment utilization (EU) assumption rate, which helps determine reimbursement for equipment used extensively in the practice of Cardiology as well as other specialties.

CMS wants to raise the EU rate for advanced imaging procedures (CT, PET and MRI) from its current 50 percent up to 90 percent. Congress proposes to raise the EU rate to 65 or 75 percent. CAA believes these massive increases are based on incomplete data and erroneous assumptions, and will result in significant cuts to imaging reimbursement. This in turn may restrict patient access to lifesaving diagnostic tools.

CMS and Congress fail to take into consideration re-scans, no-shows, down time, empty slots, time required for preparing a patient and other realities of providing imaging services. CMS based its decision to increase the EU rate on a 2006 Medicare Payment Advisory Commission (MedPAC) survey. In 2007, CMS stated that the MedPAC survey lacked "sufficient empirical evidence to justify an alternative proposal (to the 50 percent utilization assumption.)" *2007 proposed Physician Fee Schedule Rule*

MedPAC noted that its survey did not include available data from 2006 that would have shown the effects of the Deficit Reduction Act cuts to imaging reimbursement (April 2009), and also stated its survey "was not nationally representative and it was not designed to determine equipment use rates." (April 2006) CAA does not understand why CMS and Congress would rely on data that has been dismissed by both the commission that funded the survey and Medicare itself as grounds for an arbitrary increase to the EU assumption rate. Medicare has not indicated that further validation and analysis of the MedPAC survey has been conducted that would justify its use in 2010 when it was not deemed sufficient for use in 2007.

ACCURATE EU DATA IS AVAILABLE: The Radiology Business Management Association (RBMA), a national association of business professionals in radiology, completed its own study on EU usage rates in June 2009.

- ◆ The RBMA study found that imaging equipment in rural regions of the country operates only 48 percent of the time an office is open for business.
- ◆ Imaging equipment in non-rural areas operates 56 percent of the time a center is open.
- ◆ Neither rural nor urban non-hospital diagnostic imaging providers operate equipment at rates anywhere near the 90-percent EU rate CMS set as a basis for imaging reimbursement or the rates Congress proposes.

THE BOTTOM LINE: Cardiology practices use their imaging equipment less than the current 50 percent utilization rate set by Medicare - in fact, about half the time of MedPAC's recommendation of 90 percent. Should the equipment utilization assumption rate increase so substantially, the subsequent cut in reimbursement will threaten the ability of cardiologists to provide critical imaging services to cardiology patients.



CAA provides national leadership on legislation, policies and reimbursement methodologies that affect cardiovascular patients' quality of care, access to services and the stability of cardiovascular group practices. CAA represents the interests of more than 5,000 private practice physicians. For more information, please visit our website: cardiologycaa.com.