



CRS Resident and Fellows Section

Summer Newsletter

July 2008

Our Mission Statement

The California Radiological Society Residents' and Fellows' Section endeavors to educate residents and fellows about socioeconomic and political issues of import to radiological practices and inspire and cultivate future leadership in our chosen field.

Please join us in Southern California for our Annual Meeting

October 18-19, 2008

The Hyatt Newporter Hotel

Newport Beach, California



“Will Outsourcing of Radiological Services Lead to the Complete Commoditization of Radiology?”

Preliminary Program

The Birth of Nighthawk - Entrepreneurship in Radiology

Wilson Wong, MD, FACR

Commoditization of Radiology

Michael Brant-Zawadzki, MD

The Future of Interventional Radiology

Anne Roberts, MD

Future Trends in Radiology -- ACR Updates

Kim Passing, MPA, RCC

We hope that you can join us for this exciting meeting! This meeting brings residents and fellows from the west coast together and provides an opportunity to network with Radiologists from the region. The CRS has generously provided a stipend of \$100 per resident or fellow to defray travel costs.

As our target audience is busy learning the practice of Radiology, the purpose of this newsletter is to bring everyone up to date on issues of import to our profession at both the state and national levels.

National Issues

Medicare Physician Payment

- Congress responded positively to the collective voice of organized medicine, overriding a presidential veto and successfully passing the Medicare Improvements for Patients and Providers act of 2008. This reversed physician fee schedule cuts and continued the 0.5% positive update through the rest of 2008 and added a 1.1% positive update through 2009.
- Without congressional action, Medicare physician payment rates would have been reduced 10.6% on July 1, 2008, and an additional 5% on January 1, 2009. Congressional action provides temporary relief from reimbursement cuts for 18 months.
- Although a step in the right direction, the ACR and others continue to work with congress to encourage effective payment reform that reflects the real costs of caring for Medicare patients in the 21st century. The 2007 Medicare Trustees report estimated total cuts of 40% by 2016 if a permanent reimbursement solution is not enacted.

No Further Cuts to Medical Imaging in Medicare

- The ACR is proud to acknowledge that the recently released Medicare Improvements for Patients and Providers Act of 2008 contains *no further cuts* in imaging reimbursement.
- Additional imaging cuts, as proposed as part of Children's Health and Medical Protection Act (CHAMP), would have further devastated medical imaging practices still reeling from the effects of the Deficit Reduction Act of 2005 (DRA) which cut medical imaging by \$13 billion. A summary of the proposed CHAMP provisions follows:
 - Increased assumption of imaging system use rate from 50% to 75%
 - Further reduced cuts for the technical component of contiguous body part imaging to 50%; 25% cuts went into effect in 2006 as part of the DRA
 - Assumptions for the capital interest rate would be capped at 11%
- The ACR remains focused on utilization reform, accreditation, and implementation of Physician-created appropriateness criteria as solutions to increased imaging costs. These measures are legitimate ways of improving quality, reducing utilization and garnering savings without adversely impacting patient access to imaging services.

Imaging Accreditation in Medicare

- The Medicare Improvements for Patients and Providers Act of 2008 included provisions for accreditation of medical imaging providers by January 1, 2012 as a requirement for reimbursement for MRI, PET, CT, and Nuclear Medicine procedures.
- The ACR currently has accreditation programs for mammography, radiation oncology, MRI, CT, nuclear medicine, PET, ultrasound, stereotactic breast biopsy and breast ultrasound and was recently named the accrediting body for the Department of Veterans Affairs' radiology oncology facilities.

- ACR accreditation requires that physicians supervising and interpreting medical imaging have met stringent training and education standards, that technologists are appropriately certified, and that the imaging equipment is surveyed regularly by medical physicists to ensure safe operation.
- The purpose of these programs is to set quality standards for practices, enabling them to continuously improve the quality of care they provide their patients.
- The ACR will complete the process to become a deemed accrediting body for the Medicare program and will work with CMS to provide services that the new law requires

Senate Bill to Require Self-Referral Imaging Providers Disclosure

- The Medicare Imaging Disclosure Sunshine Act of 2008 would require S. 3343 would amend the Stark Law to require that physicians disclose their financial interest in certain imaging services provided through the in-office ancillary exception and provide patients with a list of alternative imaging providers. This requirement would be effective starting in 2010.
- Senator Charles Grassley, the ranking Republican on the Senate Finance Committee which has jurisdiction over Medicare issues, introduced the bill in late July.
- The ACR is working with Congress and Senator Grassley to curb financially-motivated imaging in Medicare.

Physician Quality Reporting Initiative

- The Physician Quality Reporting Initiative (PQRI) has been extended through 2010 through provisions in the Medicare Improvements for Patients and Providers Act.
- Physicians who voluntarily report on quality measures and meet statutory requirements for satisfactory reporting can receive an incentive bonus of 2% of their total allowed Medicare charges subject to a cap.
- In 2007, an estimated 16% of eligible radiologists participated in the program, similar to 17% participation seen across all medical specialties.

General Accounting Office Report of Imaging Services

- Report reviews the circumstances surrounding increasing use of medical imaging, particularly advanced imaging modalities such as PET, MRI, and CT.
- While the ACR shares concerns raised in the report regarding quality of imaging and financial incentives motivating increasing utilization, the ACR disagrees with the conclusion that Radiology Business management organizations (RBMs) should be employed for pre-authorization of imaging studies.
- Dr. Thrall, chairman of the Board of Chancellors, commented that “the ACR certainly supports efforts to reduce the number of unnecessary imaging exams performed in the in-office setting and raise the quality of care provided to patients, the College maintains that the issue should be dealt with directly. Decisions should not be taken out of the hands of physicians. Instead, direct financial incentives for physicians to order more in-office scans should be removed, and quality and safety standards should be instituted to provide for uniform, quality care nationwide.”
- The ACR is concerned that the implementation of RBMs would increase costs and would likely delay timely performance of appropriately indicated imaging studies.

Hospital Inpatient Prospective Payment System Rules Updated

- The Hospital Inpatient Prospective Payment System (IPPS) was released by CMS on July 31, 2008 and addresses many self-referral issues, but leaves out the in-office ancillary exemption.
- Although the exact ramifications of these rules with regards to clinical practice need to be analyzed, CMS stated that their goals are “minimizing the threat of program and patient abuse while providing sufficient flexibility to enable those who are parties to financial relationships to satisfy the requirements of, and remain in compliance with, the physician self-referral law and the exceptions thereto. Finalizing together the proposals from the CY 2008 [Physician Fee Schedule] and the FY 2009 IPPS proposed rules is consistent with our outlined approach.”

State Issues

California Budget

- Not approved as of July 1, 2008
- This is not unusual, as this has occurred 17 of the last 21 years
- During impasse, payments to physicians enrolled in Medi-Cal continues; however, payments to other health entities, such as clinics & hospitals are halted
- Governor & Legislature are working to resolve a 15.2 billion budget deficit

Medi-Cal Rate Cut

- As one of the many measures to balance the state budget, legislation to slash Medi-Cal rates by 10% were approved in February 2008
- Reduced rates went into effect July 1, 2008
- Medi-Cal payment rates are among the lowest in the nation, at a *net cost* to Hospitals of \$0.22 on every dollar spent on Medi-Cal patients
- The cuts reduce payments for a regular physician visit from \$24 to \$21.60.
- A legal challenge by the California Medical Association and other interested parties was unsuccessful in halting the rate cuts
- In an opinion, LA County Superior Court Judge Highberger wrote, “the current law leaves resolution of this question up to the state legislature and the federal... branch.”
- Serving an estimated 6.7 million people, Medi-Cal is estimated to cost California \$38 billion this fiscal year, after adjustments for the rate cuts

Legislative Updates – Special Interest to Radiology

- *Bills on Breast Cancer Screening*
 - Several bills were introduced this year regarding expanding coverage and modalities for breast cancer screening – all are challenged by the current state budget crisis
 - AB 2887 aims to expand coverage in the Every Woman Counts program to include both analog and digital mammography in covered services. Every Woman Counts provides diagnostic services, including breast cancer screening to certain women excluded from the Medi-Cal program.

- AB 2434 endeavors to expand acceptable screening modalities for breast cancer to include MRI, whole breast ultrasound, CAD, and digital mammography. The health insurance lobby opposes these mandates for coverage. The bill has been amended; recommended screening modalities are left to the discretion of the referring provider in the current version.
- *Bill on Lease Arrangements (AB 2794)*
 - Requires direct billing of the technical component of advanced imaging modalities by the actual provider of the services and who supervised the procedure.
 - Direct billing closes existing legislative loopholes and would eliminate financial incentives in imaging referral to free-standing imaging centers.
 - Bill referred to the Senate Appropriations Committee
- *MQSA Violations Posting Bill (SB 1529)*
 - In original form would require public posting of any MQSA violations
 - Current MQSA violations are broken into 3 categories – only category 1 indicates image quality problems, potentially impacting sensitivity
 - CRS is working with the legislature to amend the bill
- *Patient Access to Medical Records Bill (SB 1415)*
 - As introduced, bill would have required all physicians to hold medical records for 10 years and notify patients 60 days prior to destroying records
 - Measure introduced in response to constituent complaints about inability to access records as physician offices had closed
 - In part through CRS input, the 10 year requirement was waived – physicians were required to notify patients of their records retention policy
 - The CRS endeavors to exempt Radiologists from the measure, as their reports are part of referring physicians' medical records
- *Bill to Modify Hospital Prohibition on Employment of Physicians (AB 1944)*
 - Current state law largely prohibits employment of physicians by for-profit entities
 - A pilot program allowing hospitals to hire a practitioners was instituted in 2003 and targeted towards hospitals in underserved areas – the Medical Board's report on the program is due in October 2008
 - AB 1944 is moving forward in the assembly against the recommendations of organized medicine in California. The bill is strongly supported by the AFSCME.
- *Balanced Billing Challenged by Department of Managed Health Care*
 - Balanced Billing is the practice of charging patients for the portion of their medical bills which are not covered by insurance
 - There are state-by-state differences in the legality of balanced billing
 - Since 2006 insurers and providers have been working on crafting a solution, however, the Department of Managed Health Care plans to move to prohibit the practice his fall.
 - In the interim, the department has sued Prime Healthcare, who operates 11 hospitals in Southern California
 - Organized medicine supports the practice of balanced billing, holding the position that physicians should be free to negotiate their rates. They hold that underpayment for services by insurers necessitates the practice.

Legislative Updates – General Healthcare

- *Bill expanding scope of Nurse Practitioners (AB 1436)*
 - Measure would have instituted nurses as independent practitioners
 - Bill was defeated in the Senate Business & Professions Committee
- *Physician Health Program Bill (AB 214)*
 - The California Medical Board's Physician Diversion program officially ended on July 1, 2008.
 - Proposed Physician Health Program Bill will allow licensed physicians to confidentially enter a drug, alcohol, and mental illness monitoring/testing program. Physicians could continue to practice as long as they were in compliance with program and not deemed a threat to patients.
 - AB214 has passed the Senate Business and Professions and Health committees and will be heard in Appropriations.
- *Maternity Coverage Bill (AB 1962)*
 - Requires all Insurance plans to provide comprehensive maternity coverage
 - Currently plans offered under the Department of Insurance may have sub-prime non-comprehensive coverage for maternity services
 - Bill requires all individual and group plans to cover maternity services
- *Health Care Service Plans – Liability (AB 2847)*
 - Bill requires insurers who deny coverage for treatment to prove why they believe the recommended plan of action is not medically necessary
 - Bill also amends the independent medical review law to permit physicians to appeal denial of treatment decisions
- *Medical Loss Ratios (SB 1440)*
 - Limits health plans & insurers to spend no more than 15% of plan premiums on administrative costs and profits
 - Balance of premiums would be spent on payments to physicians and other clinical services