

Impact of physician self-referral on use of imaging services within an episode

ISSUE: There has been rapid technological progress in diagnostic imaging over the past several years, which has enabled physicians to diagnose and treat illness with greater speed and precision. However, the sharp increase in the volume of imaging under the physician fee schedule raises concerns about appropriate use. Rapid growth in imaging is likely driven by multiple factors, such as technological innovation, incentives in Medicare's fee-for-service payment systems, defensive medicine, inconsistent adherence to clinical guidelines, and physician ownership of imaging equipment.

KEY POINTS: Although the rise of in-office imaging may improve access and convenience for patients, it might also lead to higher volume through additional capacity and financial incentives for physicians to refer patients for more tests. We used Medicare claims data to identify whether physicians referred patients to their practice for imaging services, and we used Episode Treatment Group (ETG) software to classify beneficiaries by type of episode and severity of illness.

ACTION: Commissioners should review the paper and provide feedback to staff.

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