

Improving payment accuracy and appropriate use of ancillary services

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Background

- Growth of ancillary services (imaging, other diagnostic tests, physical therapy, radiation therapy)
- Evidence from literature of inappropriate use of imaging
- Concerns about payment accuracy
- Concerns about self-referral
- Shifting focus from in-office ancillary services exception to payment accuracy and appropriate use

Comparison of payment rates in physician fee schedule and outpatient PPS

- Physical therapy, occupational therapy, speech-language pathology services paid same rates across settings
- On average, radiation therapy services paid 7% more under PFS than OPPS, 2010
- Imaging services
 - Professional component rates are same across settings
 - Technical component/facility rates often vary by setting
 - PFS rates for technical component may not exceed outpatient PPS rates

Factors influencing growth of ancillary services

- Technological innovation
- Consumer demand
- Defensive medicine
- Lack of adherence to clinical guidelines
- Mispricing of services
- Fee-for-service payment system
- Physician self-referral

4 approaches to improving payment accuracy and appropriate use

- Combine discrete services into larger units of payment (packaging and bundling)
- Reduce payment rates for professional component of multiple imaging studies done in same session
- Reduce payment rates for imaging and other diagnostic tests done by self-referring physicians
- Require prior authorization for physicians who order significantly more advanced imaging than their peers

Packaging: combining services provided during one encounter into single payment

- RUC has been reviewing services billed together at least 75% of the time
- Pairs of services referred to CPT Editorial Panel to develop comprehensive codes
- RUC develops work RVUs and practice expense inputs for comprehensive codes
- CMS must review and approve new RVUs
- Comprehensive codes established for CT, nuclear medicine, diagnostic cardiac cath

Bundling: combining services furnished during multiple encounters into single payment

- Global surgical payment includes some preoperative care, surgery, post-op visits
- Pilot program will test bundled payment for services associated with hospitalization
- Benefit to exploring bundled payment for ambulatory services provided during episode of care

Accounting for efficiencies associated with imaging and other diagnostic tests: interim approaches

- Savings in physician time are likely when
 - Multiple services are provided during single encounter
 - Service is performed by same physician who ordered it
- Physician work RVUs should reflect these efficiencies
- Until new comprehensive codes are developed, CMS could reduce RVUs to account for efficiencies

Reduce payment rates for professional component of multiple imaging studies

- Medicare applies multiple procedure payment reduction (MPPR) to the technical component (but not professional component) of multiple imaging studies done during same session
- GAO found efficiencies in physician time when 2 imaging services performed together (GAO 2009)
- To account for duplications in physician work, CMS could expand MPPR to professional component of imaging studies

Reduce payment rates for imaging and other diagnostic tests performed by self-referring physicians

- Efficiencies likely when service is ordered and performed by same physician
 - Work RVU for test includes reviewing patient's history, records, symptoms, medications
 - Ordering physician should have obtained this information during prior E&M visit
 - RVU for test also includes discussing findings with referring physician
- Payment rate could be reduced to account for efficiencies in work RVUs

Share of office-based imaging services ordered and performed by same physician, 2008

Type of imaging	Share of office-based imaging services ordered and performed by same physician (professional component)
All imaging	37%
Standard imaging	42
Nuclear medicine	30
CT	9
MRI	8
Echography	42
Imaging procedures	30

Require prior authorization for physicians who order significantly more advanced imaging than their peers

- Advanced imaging includes MRI, CT, nuclear medicine
- Would ensure that “outlier” physicians use imaging appropriately
- Would apply to both self-referring and non-self-referring physicians
- GAO recommended that CMS examine feasibility of prior authorization (2008)

Prior authorization would involve 3 steps

- CMS would identify physicians who use more advanced imaging than their peers
- These physicians would submit requests for outpatient, non-emergency imaging to CMS (or contractor) for review
- If imaging is clinically appropriate, CMS would approve request
- As interim step, CMS could provide confidential feedback to outlier physicians about their appropriate use of imaging

Many private plans use prior authorization programs

- Programs vary in types of tests, approval criteria, administrative processes
- Usually limited to outpatient, non-emergency tests
- Usually administered by radiology benefit management (RBM) firms
- Approval criteria based on clinical guidelines developed by specialty groups, literature reviews, expert panels
- Some plans require prior notification but do not deny payment if test not considered appropriate

Impact of prior authorization on growth of advanced imaging services

- No studies have measured long-term impact using a control group
- Plans interviewed by GAO reported that growth of imaging slowed (GAO 2008)
- Case study of 3 plans found reduction in number of imaging studies in 1st year after adoption, but growth resumed in 2 plans in 2nd year (Mitchell and Lagalia 2009)

Challenges involved in developing prior authorization program for Medicare

- Administrative burden on physicians; perceived challenge to clinical autonomy
- Additional waiting time for patients
- Concerns about quality of clinical guidelines
- Need for evidence-based, transparent criteria
- Administrative costs for CMS
- Would savings offset administrative costs?
- Identifying physician outliers

Feedback on approaches to improving payment accuracy and appropriate use

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