

# GAO Urges Prior Authorization for Imaging

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**T**he Government Accountability Office is urging Congress to require Medicare to adopt prior authorization procedures for outpatient imaging services, saying that the federal health program's current approach has allowed costs to balloon.

According to the GAO, from 2000 to 2006, Medicare Part B spending on imaging services more than doubled to \$14 billion. In particular, spending on more technically demanding imaging studies, such as computed tomography, magnetic resonance imaging, and nuclear medicine, rose 17% a year, compared with 9% annual growth for less complex studies such as x-rays. Imaging studies have increasingly shifted to the outpatient sector and the proportion of physician income from imaging is steadily rising, said the GAO in its report, "Medicare Part B Imaging Services."

Shortly after the report was issued, Sen. Charles Grassley (R-Iowa), introduced legislation (S. 3343) that would require physicians making referrals for MRIs, CTs, PET scans, and potentially other modalities, to disclose to patients in writing if they have ownership in the imaging facility. The proposal was initially included in the bill that canceled Medicare physician fee cuts but was dropped in the final package.

The GAO analyzed Medicare claims data and also interviewed health plans and radiology benefit management companies to compile its report, which was requested by Sen. Jay Rockefeller (D-W.Va.).

Because of the rapid growth in imaging, the GAO said, "we recommend that [the Centers for Medicare and Medicaid Services] examine the feasibility of expanding its payment safeguard mechanisms by adding more front-end approaches to



**The GAO ignored the work of physicians' groups in developing appropriate use criteria, said the ACC.**

managing imaging services, such as using privileging and prior authorization."

The proportion of Medicare Part B spending on imaging conducted in a physician office setting, which was 58% in 2000, rose to 64% in 2006, according to the GAO. Physician-directed imaging has grown especially in cardiology, according to the GAO report. "In 2006, cardiologists obtained 36% of their total Medicare revenue from in-office imaging, compared with 23% in 2000."

By comparison, the proportion of income coming from use of imaging by vascular surgeons—who had the second-highest growth rate—increased from 10% in 2000 to 19% in 2006.

The American College of Cardiology criticized the GAO study, noting that "the agency did not take into account physician input, nor did it use data from 2007 showing a decline in imaging growth."

"While the American College of Cardiology does not dispute the rapid growth in medical imaging, we are disappointed that the GAO chose to ignore the work that physicians and specialty societies are doing to ensure the most appropriate use of these

technologies," the college's CEO, Dr. Jack Lewin, said in a statement. "Prior authorization is a Band-Aid to the utilization issue and not a viable solution. Medicare should look to accreditation, appropriate use criteria, and improved communication to lower utilization and improve quality."

The Medical Imaging Technology Alliance (MITA) issued a similar critique, and noted that the GAO report did not take into account appropriate-

ness and accreditation criteria that were part of the just-passed Medicare bill that eliminated a scheduled reduction in physician fees. The law will require imaging facilities to be accredited starting in 2012.

Appropriateness and accreditation will "ensure that an image is taken at the right time by the right person and in an appropriate manner," MITA vice president Andrew Whitman said in an interview. MITA is the medical technology trade association of the National Electrical Manufacturers Association.

Mr. Whitman also criticized the GAO's support of radiology benefit management companies (RBMs), which the private sector has used to implement prior authorization and other tools to rein in costs. RBMs do not readily share guidelines and appropriateness criteria and are not well regulated, Mr. Whitman said.

In response to the GAO report, the Health and Human Services department said it, too, had concerns about the "administrative burden" of using RBMs, "as well as the advisability of prior authorization for the Medicare program," according to the report. HHS pointed out that there were no independent data showing that RBMs could successfully manage imaging costs. The agency also said that proprietary guidelines in use by RBMs might conflict with those being promoted by federal health authorities. Thus the RBM recommendations could present a conflict for Medicare when considering payment, said HHS.

"We do not dispute HHS's reservations about prior authorization, and agree that these concerns will require careful examination within the context of Medicare statutes and regulations," said the GAO report. ■

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