

Transcription Costs



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July 29, 1997

Terry Kay
Health Care Financing Administration
C4-02-06
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Dear Mr. Kay:

The question of the responsibility for payment of transcription costs has arisen in several hospitals recently as these hospitals try to collect payment for such costs from hospital based physicians. It is the American College of Radiology's (ACR) understanding that these costs are either part of the technical component or included in the payments from the fiscal intermediary. Therefore, the ACR requests confirmation from the Health Care Financing Administration (HCFA) that transcription costs are payable to the facility either as part of the technical component or through payments from the fiscal intermediary.

By definition of the professional component, transcription costs are not included in Medicare's physician payment for radiology procedures performed in hospitals. The professional component represents the physician's professional services (e.g. interpreting X-rays). Also, for radiological studies performed in hospital settings, the final interpretive report is part of the medical record and is considered the property of the hospital. Furthermore, hospitals include transcription costs in their Medicare cost reports. These cost reports then are used to compensate hospitals on a reasonable cost basis. Consequently, hospitals having such arrangements would be paid twice for transcription services--once by Medicare and once by radiologists. Also, trying to collect revenue and charge radiologists more than what Medicare pays for transcription services, could violate Medicare's anti-kickback "safe harbor" regulations pertaining to fair market value.

The ACR believes that attempts by hospitals to charge hospital based physicians for transcription cost or any other facility services is not consistent with Medicare policies. Furthermore, hospitals that have these type of arrangements may be in violation of Medicare's anti-kickback statute.

Thank you for your consideration of this matter. I look forward to your response.

Sincerely,

Michael Mabry
Associate Director
Economics and Health Policy

cc: Ann Rosser
Thomas Greeson, J.D.
William Morse