



Further Cuts to Imaging Should Not Occur Absent Reliable Data

The Medicare Payment Advisory Commission's (MedPAC) most recent report to Congress on Medicare payment policy contains a recommendation that the imaging equipment utilization rate assumption used in the formula that calculates practice expense should be changed from 50 percent to 90 percent for MR, CT, and PET. CMS currently assumes that this equipment is used 25 out of 50 hours per week, or 50 percent of the time that a practice is open for business. A 90 percent utilization rate assumption would add significant additional cuts to imaging on top of the \$1.7 billion annual cut resulting from the enactment of the Deficit Reduction Act of 2005.

The only public data that currently exists on imaging equipment utilization rates come from the results of a survey MedPAC commissioned in 2006 that looked at utilization rates of MR and CT in six urban areas. In discussing its survey in 2006, MedPAC stated: "This survey is a first step in examining the use of imaging equipment. It was not nationally representative and it was not designed to determine equipment use rates. Its intent was to assess the feasibility of getting use rate data from the survey. It shows that the [sic] short survey instrument can be used to collect information on how frequently equipment is operating while achieving a high response rate. . . I do want to caution that this survey is not representative [of] anything." (p. 237 and 242 of April 19, 2006 MedPAC meeting transcript).

While most survey respondents reported equipment use of more than 25 hours per week, this was based on a work week where the practice was open far more than 50 hours. Many imaging centers and radiology practices have available hours in early morning and late evening as well as on weekends in order to accommodate their patients' schedules. A typical practice operates its equipment significantly less than 90 percent of the time it is open for business.

MedPAC "Normative Standard" Approach Will Harm Legitimate Providers

In MedPAC's 2009 recommendation they advise creating a "*normative standard in which providers are assumed to use costly imaging machines at close to full capacity (45 hours per week, or 90 percent of the time that providers are assumed to be open). Such a normative standard would discourage providers from purchasing expensive imaging equipment unless they had sufficient volume to justify the purchase.*"

Most radiologists, especially in rural communities, would be unable to reach the 90 percent "normative standard" sought by MedPAC. In addition to scheduled appointments which are often in the early morning or evening, many radiology practices provide imaging services to the community hospitals requiring them to be available more than 50 hours a week, making it virtually impossible for a typical rural provider to have anywhere near a 90 percent utilization rate.

Good Data Needed to Determine Accurate Imaging Equipment Use Assumption

The lack of sound data was cited by CMS when the agency decided not to increase the utilization rate assumption to 75 percent in 2007. ACR believes CMS should make an effort to find the actual utilization rate for equipment and apply this real number to the practice expense formula that determines imaging reimbursement.