

Physician Ownership and Referral

THE LAW

The Physician Self Referral Law, known as the “Stark Law,” provides an exception for in-office ancillary services that includes the use of advanced diagnostic imaging services. The exception protects services ancillary to the referring physician’s professional services which meet certain billing, supervision, and location requirements, including services performed by a physician in the same group practice. This exception has been subject to numerous regulatory rulemakings and was implemented slowly in phases by the Centers for Medicare and Medicaid Services (CMS) over many years.

POTENTIAL INFLUENCE OF OWNERSHIP ON TEST ORDERING

The issue of physician ownership and referral has spawned many debates regarding the role that ownership plays in the ordering practices of physicians. Up until 2007, Medicare and many private payers experienced double digit growth in the utilization of advanced diagnostic imaging services (computed tomography (CT), magnetic resonance imaging (MR), nuclear cardiology and positron emission tomography). However, recent years have shown a sharp decline and/or level growth in volume of advanced diagnostic imaging services provided under the Medicare program.

POLICY OPTIONS

The Medicare Payment Advisory Commission (MedPAC) continues to examine policy options to control growth in volume of advanced diagnostic imaging services. MedPAC considered draft policy recommendations in February 2011 to explore payment bundling, multiple procedure payment reduction for the professional component of imaging studies, reduced payment rates for imaging services that are self referred, including referrals within a group practice, and prior authorization of advanced imaging services for Medicare physicians who are outliers in ordering practices. These recommendations will be further reviewed, revised and ultimately finalized and included as recommendations in MedPAC’s June 2011 report to Congress. In addition, the Senate Finance Committee is likely to consider legislation to address self referral. SCCT will continue to monitor this debate and keep you apprised as developments occur.

