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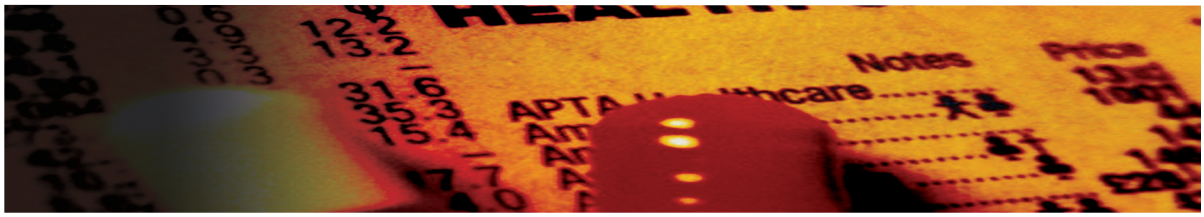

HEALTH POLICY research

James A. Baker III Institute for Public Policy-Baylor College of Medicine
Joint Program in Health Policy Research

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IN THIS ISSUE

The editorial, "Advanced diagnostic imaging: Benefit or burden?" appeared in the May 2008 issue of Medical Care. The author of this editorial was Vivian Ho, Ph.D. (Baker Institute and Department of Economics, Rice University, and the Department of Medicine, Baylor College of Medicine).

Should physicians be banned from self-referring patients for advanced diagnostic imaging?

Yes, says Vivian Ho, James A. Baker III Institute Chair in Health Economics at Rice University. "Published data indicate that rates of MRI, CT and PET scans can be more than twice as high for patients treated by a self-referring doctor, versus patients referred to a radiologist for diagnostic imaging. There is no evidence that these higher imaging rates lead to better treatment decisions or outcomes for patients."

In most cases, federal law prohibits physicians from referring patients to their own medical facility for ancillary services. However, the current law contains an "in-house" exception due to the argument that physicians who perform imaging in their own office are providing a convenience to patients, which also facilitates the ability to monitor quality of care. Ho was asked to comment on a recent study published in Medical Care, which found that most self-referrals for MRI and CT scans (61 percent and 64 percent, respectively) did not have the imaging equipment in their offices in 2004.

Ho pointed out that physicians are able to skirt the in-office restrictions by leasing an imaging center's facilities and employees for a fixed period per week. Physicians can bill insurers $800 per test, and they pay the imaging facility an average of $400 per test if all hours in the leasing agreement are fully used. The physician then earns a profit of $400 per patient. "Patients are not receiving the benefits of 'in-house' care, and self-referring physicians who are being squeezed by managed care have found a new route to generate additional income," says Ho. In fact, a recent article asserts that an estimated $16 billion in diagnostic imaging was unnecessary and ordered by self-referring doctors.

What can be done to stem inappropriate use of diagnostic imaging resulting from self-referral incentives? "I initially thought that policymakers, insurers and physicians could collaborate to define the cases where scanning is most cost-effective," says Ho. "But the heterogeneity of cases and lack of data make this extremely difficult. Our best option for now may be to ban self-referral for advanced diagnostic imaging. We need to hold health care costs down where we can in order to manage the affordability of health insurance." Indeed, the Medicare program is considering rigorous restrictions on self-referral for diagnostic imaging for 2009. Its final rules will be released by Nov. 1 of this year.

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The Baker Institute and the Baylor College of Medicine's Health Policy and Quality Division work with scholars from across Rice University and the Baylor College of Medicine to address issues of health care — access, financing, organization, delivery and outcomes. Special emphasis is given to issues of health care quality and cost.

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