April 14, 2014

The Honorable Ted Lieu  
Chairman  
Senate Business, Professions, and Economic Development Committee  
State Capitol, Room 2053  
Sacramento, CA 95814

SB 1215 (Hernandez)  
Coalition for Patient Centered Imaging Position: Oppose

Dear Senator Lieu:

On behalf of the undersigned state and national societies, we are opposed to SB 1215 by Senator Ed Hernandez which would eliminate the in-office exception to the self-referral prohibition for advanced imaging, radiation therapy, anatomic pathology, and physical therapy.

There is widespread agreement that improving the U.S. health care system will require more care coordination, not less. The in-office exception recognizes that referrals within a group practice promotes continuity of care in a setting that is lower cost, more convenient, and familiar to the patient.

We respectfully ask that you consider the negative implications of removing this exception in our ever-changing health care delivery and payment systems, including a growing interest in bundling payments for episodes of care and reimbursing physicians based on the value of care they provide. Eliminating the in-office exception would severely inhibit these and other initiatives designed to improve care and practice efficiency. In fact, in its June 2011 Report to Congress, the Medicare Payment Advisory Commission (MedPAC) recommended against limiting the Stark law exception for ancillary services, citing potential “unintended consequences, such as inhibiting the development of organizations that integrate and coordinate care within a physician practice.”
The medical profession has taken significant steps to ensure that only medically necessary and appropriate ancillary services are performed. These steps include the development and implementation of training guidance, appropriate use criteria, practice guidelines, and decision support tools which assist physicians in delivering the most appropriate care.

In this regard, on April 1, 2014 President Obama signed into law H.R.4302 (P.L. 113-93), which promotes appropriate use criteria for advanced imaging services provided in the office, hospital outpatient department and ambulatory surgery centers. Under Section 218 of the law, beginning Jan. 1, 2017, professionals who furnish an advanced imaging test must document the ordering professional’s consultation of appropriate use criteria in order to be paid for the service. The statute also directs the Centers for Medicare and Medicaid Services to require prior authorization for advanced imaging services by ordering professionals who are determined to be outliers with respect to adherence to appropriate use criteria. We suggest this approach ensures medical necessity while not restricting physician’s access to the tools and technologies that are required for them to diagnose effectively and treat their patients in the office setting.

Those providers who want to increase their market share of advanced imaging, radiation therapy, anatomic pathology, and physical therapy are calling for the elimination of this exception. We respectfully ask that you consider the negative implications of removing this exception, including limiting access and choice of care, diminishing the quality of care, and promoting more costly and fragmented rather than coordinated care.

Thank you for your consideration of our concerns.

Sincerely,

Ambulatory Surgery Center Association
American Academy of Dermatology Association
American Academy of Neurology
American Academy of Ophthalmology
American Academy of Otolaryngology—Head and Neck Surgery
American Academy of Physical Medicine and Rehabilitation
American Association of Clinical Urologists
American Association of Orthopaedic Surgeons
American College of Cardiology
American College of Gastroenterology
American College of Mohs Surgery
American College of Rheumatology
American College of Surgeons
American Gastroenterological Association
American Society for Dermatologic Surgery Association
American Society for Gastrointestinal Endoscopy
American Society for Neuroimaging
American Society of Nuclear Cardiology
American Society of Echocardiography
American Urological Association
California Chapter of the American College of Cardiology
California Otolaryngology Society
Cardiology Advocacy Alliance
Digestive Health Physicians Association
LUGPA
National Association of Spine Specialists
San Diego Academy of Otolaryngology
Society for Cardiovascular Angiography and Interventions
Society for Vascular Surgery
The US Oncology Network