

Study Links Spike in Advanced Imaging Procedures to Self-Referring Physicians

A study released in the May edition of *Medical Care* suggests that the sharp increase in diagnostic imaging in California between 2000 and 2004 may be attributable to “physician self-referral arrangements and independent diagnostic testing facilities.” The study, led by Georgetown University’s Jean M. Mitchell, PhD., reviewed five years of claims data from a large private insurer in California.

According to the study, reports from the Medicare Payment Advisory Commission (MedPAC) indicate that spending within the Medicare program for imaging procedures increased 90 percent between 1999 and 2004, from \$5.8 billion to \$10.9 billion. While recognizing the positive benefits imaging procedures can have on patient health, MedPAC noted that the revenues derived from the provision of these types of services seemed to be a major factor driving the increased referrals.

The study confirmed that similar trends exist for individuals with private insurance between 2000 and 2004. The findings highlight dramatic increases in the utilization of imaging by self-referring physicians who have a financial interest in the facility or equipment used for the procedure compared to non-self-referring providers such as radiologists and hospitals. For example, use of magnetic resonance imaging (MRIs) by self-referring providers rose between 272 and 374 percent in northern California compared to increased use rates of between 30 and 46 percent for radiologist providers and between 53 and 82 percent for hospital providers in the same region. Dramatic increases in use rates were also realized with other diagnostic imaging, including a 400 percent increase in statewide utilization for positron emission tomography (PET).

With no significant change in treatment guidelines during the review period, the study concludes that sharp increases in the use of imaging procedures in California are likely the result of physician self-referrals. The findings also state that there is no commensurate improvement in the quality of care or patient outcomes as a result of the higher revenues resulting from the more expensive imaging procedures. According to the report, the trend is likely to continue as physicians attempt to capitalize on the revenues generated from the provision of ancillary services.

Diagnostic imaging represents one of the fastest growing areas of medical expenditures in the United States and is of great interest to policymakers exploring ways to slow the rapid growth in health care costs.

Wal-Mart Expands Low Price Drug Program

Building on its \$4 prescription drug offering, Wal-Mart recently announced phase three of its low price program, which includes a 90-day prescription of generic medication for \$10; an expansion of available women’s generic medicines used to treat osteoporosis, breast cancer, menopause, and hormone deficiency; and an over-the-counter (OTC) program that includes the offering of more than 1000 OTC items such as Zantac, Pepcid, and Claritin for \$4. Launched in 2006, Wal-Mart claims its \$4 prescription program has saved its customers more than \$1 billion. The expanded prescription program is yet another attempt by Wal-Mart to offer access to inexpensive health care. Earlier this year the Arkansas-based company announced its plans to open 400 in-store clinics by 2010. The clinics, to be open seven days a week including nights and weekends, will be staffed by licensed, certified medical professionals.

Health Quiz

1. Thirteen out of the 15 jobs on *Forbes* magazine’s annual “best-paying jobs” list are from the medical profession.
(a) True
(b) False
2. Spending on imaging procedures in the Medicare program rose 90 percent between 1999 and 2004, to a total of \$10.9 billion.
(a) True
(b) False
3. Wal-Mart now offers a 90-day supply of generic prescription drugs for \$4.
(a) True
(b) False
4. Based on a study by Georgetown University, what group of providers is likely responsible for California’s dramatic increase in imaging procedures?
(a) radiologists
(b) hospitals
(c) self-referring physicians
(d) none of the above
5. According to a 2002 Juran study, 30 percent of all direct health care spending was the result of overuse, misuse, and waste.
(a) True
(b) False

Medical Profession Dominates *Forbes* “Best-Paying” Jobs

Medical-related professions claimed 13 of the top 15 “best-paying” jobs in America according to *Forbes* magazine’s annual listing of America’s most attractive occupations. Anesthesiologists head the list with surgeons, orthodontists, obstetricians and gynecologists, and oral and maxillofacial surgeons rounding out *Forbes*’ top five. Other medical professionals making the top ten were general internists (7th), all other physicians and surgeons (8th), and family and general practitioners (9th). Salaries listed do not include incentives linked to outside consulting or product arrangements. *Forbes* uses the National, State and Metropolitan Area Occupational Employment and Wage Estimates in compiling the list. To see the complete listing of the 25 best and worst paying jobs go to www.forbes.com.

Birthdays

June

3 – Rep. Will Hartnett
5 – Rep. Trey Martinez-Fischer
8 – Rep. Aaron Pena
9 – Rep. Valinda Bolton
16 – Sen. Kel Seliger
19 – Rep. Veronica Gonzales
25 – Rep. Larry Taylor
27 – Rep. Robert Talton
28 – Rep. David Swinford
29 – Rep. Doc Anderson
29 – Rep. Norma Chavez

Increasing Health Care Costs Drive Up Premiums – Add to Uninsured Roles

As policymakers at all levels of government focus on the access and affordability of health care, most are recognizing that the first and perhaps most critical step involves slowing the rapidly rising cost of care. Since health insurance premiums reflect the cost of care, a recent federal projection that health care spending will double by 2017 has leaders worried about what this could mean to employers’ and consumers’ ability to afford coverage.

Among the experts studying health care costs, there is near universal agreement that spending is driven largely by advances in medical technology, chronic diseases (this includes obesity and smoking-related illnesses), increased utilization of services, an aging population, and the fact that wealth creates higher demand for services. These cost drivers are not exclusive to the United States. Unique to the United States, however, is the level of reimbursement paid to physicians and hospitals. Physician salaries in the U.S. far exceed those in other countries and hospital prices even more so.

In just a five-year period (2000-05), the average cost to treat congestive heart failure shot up 85 percent according to statistics from the U.S. Department of Health and Human Services. For the same period, the cost to treat a broken arm rose 75 percent. The national inflation rate for the period was 16 percent. A report from the Agency for Healthcare Research and Quality indicated that hospital bills increased by almost 90 percent between 1997 and 2005.

Inefficiencies within the system are also under scrutiny as policymakers and the private sector demand greater financial accountability and improved quality of care. A study performed by a highly regarded Dartmouth University healthcare expert estimates that up to a third of the \$2 trillion Americans spend on health care is unnecessary. A landmark report by Rand Health conducted in 2003 found that patients received recommended care only about 55 percent of the time, and a 2002 study by the Juran Institute estimated that 30 percent of all direct health care spending was the result of overuse, misuse, and waste.

To address these inefficiencies, health plans are experimenting with reimbursing physicians based upon performance relative to their peers and offering incentives for the use of physicians known for their quality. Health plans are also promoting the use of evidence-based medicine and reimbursing physicians based upon an entire case of care rather than just an episode. These approaches are not just an attempt to simply reduce reimbursement to providers but to instead reward quality of care rather than volume of care. Health plans are stepping up their efforts to work with government and health care officials to improve the system, expand access, and maintain affordability.

Trivia answers: 1. a (True) 2. a (True) 3. a (True) 4. c (self-referring physicians) 5. a (True)