



MASSACHUSETTS RADIOLOGICAL SOCIETY, INC.

CHAPTER OF THE AMERICAN COLLEGE OF RADIOLOGY

P. O. Box 9132, Waltham, MA 02454-9132 • (781) 434-7313 • Fax: (781) 893-2105 • www.massrad.org

PRESIDENT

Christoph Wald, MD, PhD
Lahey Clinic
Department of Radiology
41 Mall Road
Burlington, MA 01805
Office: 781-744-8170
Fax: 781-823-0096
Christoph.wald@lahey.org

PRESIDENT-ELECT

Sanjay Shetty, MD, MBA

VICE-PRESIDENT

Phillip M, Devlin, MD, FACP

SECRETARY

Philip Rogoff, MD, FACP

TREASURER

Alexander Norbash, MD, FACP
Boston University
FGH Building, 3rd Floor
820 Harrison Avenue
Boston, MA 02118
617-638-6610
617-638-6616
norbash@bu.edu

Executive Committee:

Above Officers

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Arthur Waltman, MD, FACP

Legal Counsel:

Edward J. Brennan, Jr., Esq.
80 Washington St., Suite O-53
Norwell, MA 02061
(781) 982-9143
Fax: (617) 982-7037
ebrennan@ejblawoffice.com

Chapter Administrator:

Ginny DuLong
860 Winter Street
Waltham, MA 02451
(781) 434-7313
Fax : 781-893-2105
vdulong@mms.org

MASSACHUSETTS RADIOLOGICAL SOCIETY MANAGED CARE COMMITTEE UPDATE SUMMER 2011

A number of changes are occurring at the federal and state level that will have an impact on reimbursement for imaging practices as we move forward. The MA Radiological Society (MRS) managed care committee members and MRS officers are actively engaged in monitoring those changes and engaging in discussions with the payers on behalf of the membership. The unprecedented pace and severity of change compelled us to provide the membership with this update so practices would be in a better position to prepare for the times ahead. The following is an explanation of changes that have recently transpired.

FEDERAL LEVEL:

As of July 1, 2010, CMS altered the Multiple Procedures Payment Reduction (MPPR) policy that impacts the Technical Component (TC) of imaging for non-hospital outpatients by increasing the payment reduction from 25 to 50% for the second lower valued procedure performed on the same patient on the same day. This policy was further revised as of 1 January, 2011. Prior to this date, cross-sectional imaging (CT, MRI, and Ultrasound) was separated into 11 families. The change that went into effect eliminated the 11 families and created a single family for cross-sectional imaging. In essence, this means that, for example, the lower valued of a CT and a MRI on the same patient on the same day will be subject to this change in policy. This policy can be accessed at the CMS website, [Transmittal R738OTN, dated July 30, 2010](#).

The Medicare Payment Advisory Commission (MedPAC) is an independent commission established by the Balanced Budget Act of 1997 responsible for advising Congress on issues affecting the Medicare program such as payments to private health plans participating in Medicare and providers in Medicare's traditional fee-for-service program, and analyzing access to care, quality of care, and other issues affecting Medicare. In addition to the aforementioned changes, MedPAC has recommended that Congress pass legislation requiring that an MPPR policy be extended to include the Professional Component (PC). The PC is, in essence, the cognitive work that a radiologist performs when interpreting images. CMS has leapfrogged the sitting Congress, citing a broad provision of "discretion of the Secretary of HHS" in the 2010 Patient Protection and Accountable Care Act of 2010 (PPACA) and has proposed a 50% MPPR on the PC of CT, MR, and ultrasound to take effect on January 1, 2012. This has been published in the CMS Proposed Rule for 2012 and can be accessed at the CMS website, [\(CMS-1524-P\), Proposed Rule 2012, pages 132-143](#). As we are all aware, there is essentially no savings for the PC (the images need to be interpreted regardless of the timing of acquisition) and

this makes no sense whatsoever. Allen et al¹ recently analyzed relevant payment policy successfully refuting that same day multiple imaging actually realizes the economies of scale which are being cited in context with the MPPR policy expansion proposal to justify the reduction in professional reimbursement. The ACR has enlisted 61 Members of Congress, the AMA, and 27 other specialty societies in an advocacy effort to ensure that the MedPAC recommendation and proposed CMS rule does not translate into a permanent CMS policy change. The ACR will also ask each of you to send a templated letter of objection to CMS on this issue before August 30, 2011.

The Relative Value Update Committee (RUC) of the American Medical Association (AMA) reviews CPT codes every 5 years in a rolling format. Recently, codes that have been billed together greater than 75% of the time, are being reviewed and are at risk to be bundled into a single code. CT abdomen and CT pelvis fell into this category and, as of 1 January, 2011, 3 new codes for CT abdomen/pelvis (74176, 74177, 74178) were created and the relative value units (RVUs) assigned to these new codes are valued at approximately 75% of the value of the prior separate codes (100% for the initial code and 50% for the second code – paving the way for the projected change in the MPPR policy as outlined above.) As time passes, more bundling will occur for codes that fall into the greater than 75% category.

Lastly, the Sustainable Growth Rate (SGR) formula has forced CMS to project a 29.5% decrease in the Medicare Physician Fee Schedule for 2012. If one thinks back to 2010, 5 short term “fixes” were passed to prevent cuts in the Fee Schedule and the last fix is due to expire at the end of this year. If another “fix” does not occur, we will be looking at huge cuts in our Fee Schedule for 2012.

STATE LEVEL:

Blue Cross Blue Shield of Massachusetts (BCBSMA):

- MPPR

On 15 August, 2010, BCBSMA implemented a Radiology Multiple Imaging Services Payment Policy that included a 50% reduction for the TC and the PC for the second component of CT, MRI and Ultrasound. The MRS and ACR vigorously opposed the inclusion of the PC in the implementation of this policy to no avail. BCBSMA was an outlier in the inclusion of the PC in this policy and notified the radiology community that, as of 1 June, 2011, the 50% reduction for the PC will be placed on hold and multiple services will no longer be pro-rated. BCBSMA will, however, as of 1 September, 2011, align their MPPR for the TC with CMS and create a single family (with the exception of some ultrasound codes) as outlined above.

- Decrease in conversion factor

BCBSMA has announced that as of 1 September, 2011, the conversion factor (CF) for all CPT codes in the 70000 series will be lowered in order to ultimately create a single conversion factor for all members of the medical community.

¹ Bibb Allen et al: *“Professional Component Payment Reductions for Diagnostic Imaging Examinations When More Than One Service Is Rendered by the Same Provider in the Same Session: An Analysis of Relevant Payment Policy”*

JACR 29 June 2011 (Article in Press DOI: 10.1016/j.jacr.2011.06.012)

In order to better understand the context in which this change occurs, we offer a brief look at some of the idiosyncrasies of the current payment system:

Every professional service in the US health care system is assigned a **Current Procedural Terminology (CPT)** code and every CPT code is valued by the RUC. The RUC consists of 29 members, only one of whom is a radiologist, and the supporting documentation/data submitted for each CPT code is carefully vetted prior to value assignment. The RUC makes recommendations to CMS on the value of a CPT code, and CMS for the most part, accepts these recommendations. Furthermore, the [commercial] payers in our state, in general, follow CMS guidelines. The SGR formula fixes the total amount of payment for physicians in a given year and as CPT codes change or are re-valued on an annual basis, the relative value units (RVUs) assigned to each CPT code may change. At present a RVU of 1 in the Medicare system is worth just under \$34. A chest X-ray, for example, has an RVU of significantly less than 1 and a brain MRI has an RVU of greater than 1. The CF, in the Medicare system, is the \$-value of 1 RVU – just under \$34. CMS uses a single CF and applies it to all physician services, regardless of specialty.

BCBSMA, on the other hand, has been using different conversion factors for different specialties. The CF for radiology (70000 series CPT codes) is an outlier in the sense that it is significantly higher than that of any other specialty provider group – the CF for interventional radiology (non-70000 series codes) is at a level similar to other providers and will not be impacted much by this change. BCBSMA realizes that the cut in reimbursement to radiology resulting from the CF decrease is significant and is planning to phase in implementation over a 3 year time frame. As of 1 September, 2011 the cut will be 13.5%. The cuts in future years will depend on numerous factors, including RUC updates and changes in the healthcare market landscape in Massachusetts. It does appear likely that this major cut will be implemented in 2011. BCBSMA has already filed this proposed change with the Division of Insurance in Massachusetts which has accepted it. As most radiologists in Massachusetts contract on the basis of a multiplier of the basic BCBSMA fee schedule, the actual cuts in dollar amounts will vary from physician group to physician group – the 13.5% cut will be based on your individual contract. If you are at 130% of the basic fee schedule, your cut will be 13.5% of that 130% fee schedule. The MRS has met with BCBSMA shortly after its announcement to discuss this cut but was informed that this payment policy change was not up for discussion at this time as the State has accepted the revisions. BCBSMA has explicitly stated during discussions that the total funding of physician payments will not be changed – the CFs will be adjusted to a single level and there will be “winners and losers”.

Tufts Health Plan (TAHP):

TAHP has announced that, as of 1 July, 2011, the previous 11 families for advanced imaging will be consolidated into 1 family for their MPPR policy. This is, once again, modeled after the CMS changes. The change is intended to only apply to the TC. If, however, a provider bills Tufts globally for services rendered, the MPPR in actual fact ends up applying to both the PC and TC. The MRS is planning to meet with TAHP in order to discuss this anomaly.

Summary

We are experiencing many payment policy changes at a national and local level which threaten our specialty and, in many cases, single out radiologists as a convenient target for payment reductions that have little or no evidence base. The MRS will continue, with the assistance of the ACR, to aggressively advocate for our rights and will keep you abreast of changes as they occur. It is absolutely essential that

practicing radiologists in MA become members of MRS and the American College of Radiology. Robust membership numbers lend your MRS officers legitimacy when talking to lawmakers. Large numbers of members equal large numbers of constituents in the eyes of the representatives and as a result they listen to us. Now is not the time to sit back – join today, tell your colleagues who have not joined yet, sign up your practices. We need to stand together and be at the table and be heard when our future is decided.

Philip Rogoff, M.D., FACR
Secretary, MA Radiological Society
Chair, MRS Managed Care Committee

Christoph Wald, M.D., Ph.D.
President, MA Radiological Society