

## Medicare in-office ancillary services exception

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On behalf of the AMA, an independent actuarial firm conducted a study on in-office ancillary service trends in the Medicare fee-for-service population, examining Medicare claims for certain services that had recently received U.S. Government Accountability Office (GAO) scrutiny for possible overutilization and higher costs due to “self-referrals.” Results show no significant increases in use or costs and that movement to limit self-referral might actually result in increased costs.

Physicians recommend a range of services for their patients. In many cases, these involve using equipment or personnel in those physicians’ practices.

The U.S. Government Accountability Office conducted several studies of self-referred services subject to the in-office ancillary services exception (IOASE) to the Stark Law. GAO used data from 2004 to 2010. Although none of the GAO studies suggested repealing the IOASE, such proposals have been made by members of Congress and the Administration.

### AMA studies

To further explore the issue, the AMA contracted for a study, Outpatient Ancillary Trends in the Medicare Fee-For-Service Population: 2008-2012. Conducted by the independent actuarial firm Milliman, Inc., the study examined Medicare claims for services that received recent GAO scrutiny. These included advanced imaging, intensity-modulated radiation therapy, physical therapy and pathology or laboratory services.

The Milliman study used claims from the 5% sample of Medicare fee-for-service enrollees to examine changes in spending and utilization for these services.

### Conclusions

The data simply do not support the contention that self-referral causes over utilization or increased Medicare spending. Instead, these results indicate that:

- For most of these services, the number provided in physician offices rather than hospital settings were relatively few, suggesting that imposing pay cuts or self-referral restrictions on

them would not produce significant savings.

Generally, 5-year annualized utilization and spending trends for these services showed declining and even negative growth rates in office settings.

Taken together, these trends indicate that concerns about potential cost and utilization related to physician ownership are unwarranted.

There is a real risk that policies intending to discourage physician investment in ancillary services could backfire by accelerating movement out of physicians' offices where Medicare and its beneficiaries often pay less than for identical services provided in a hospital.

## Read the complete study

The full Milliman study, with detailed exhibits pertaining to each type of service examined, is provided below, together with the AMA-prepared summary and analysis:

Download AMA summary and analysis of Milliman study

Download Milliman study

Download exhibit: Advanced imaging

Download exhibit: Intensity-Modulated Radiation Therapy (IMRT)

Download exhibit: Physical therapy

Download exhibit: Pathology or laboratory services