



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.”

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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

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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