



# X-ray Reimbursement Reductions

Educational Briefing for Imaging Leaders

## Why Is Medicare Reducing Reimbursement for Certain X-ray Exams?

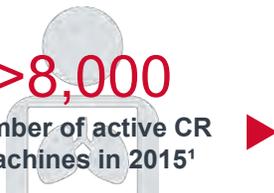
President Obama signed the **Consolidated Appropriations Act of 2016** on December 15, 2015. The \$1.8 trillion spending package includes several provisions affecting health care, but most the notable for radiology is a special rule that incents imaging providers to adopt more digit radiography (DR) x-ray technology by cutting reimbursement to exams performed on analog and computer radiography (CR) in 2017 and 2018 respectively. The legislation applies to the technical component on both the Medicare Physician Fee Schedule (MPFS) and Hospital Outpatient Prospective Payment System (HOPPS).

## Why Are Analog and CR X-ray Cuts a Key Issue for Imaging?

- **Reduces payment for imaging’s bread-and-butter modality, with many CR machines still in use:** While few providers use analog x-rays, some organizations replaced these units with computed radiography (CR), defined as cassette-based imaging, before digital radiography was widely available. Beginning in 2018, claims for x-rays performed using CR technology will be reduced by 7%. The cuts will increase to 10% beginning in 2023.
- **Signals larger trend in Medicare encouraging providers to adopt newer technology:** The new payment cuts are consistent with previous attempts from CMS to adjust reimbursement to reflect the significant adoption of digital imaging, and incentivize against older technologies.

## Medicare Reimbursement Cuts to X-ray TC<sup>2</sup> by Technology

**>8,000**  
Number of active CR  
machines in 2015<sup>1</sup>



X-ray Technology	Year Implemented	Reimbursement Reduction
Analog	2017	20%
Computed Radiography	2018	7%
Computed Radiography	2023	10%
Digital Radiography	None	None

## Imaging Leader’s To Do List Prepare for Analog and CR X-ray Cuts

- Audit current x-ray fleet across system to gather necessary information including number of non-complaint machines, equipment age, equipment location, other x-rays at site, and x-ray volumes by site
- Model the impact of payment reductions to revenue from analog and CR x-ray exams at your organization using the guide on page 2
- Evaluate costs of replacing non-compliant equipment with DR x-rays; beyond revenue cuts, also consider lifecycle of current equipment, costs of transitioning to DR for image storage
- Consider shifting exam volumes from non-compliant equipment to DR x-rays at same site when possible
- When necessary, replace analog and CR x-rays with DR to avoid reimbursement penalties

May 2016  
1) IMV Medical Information Division’s 2015 X-ray Market Report.  
2) Technical Component

Source: H.R.2029 - Consolidated Appropriations Act, 2016, Imaging Performance Partnership research and analysis.

## Modeling the Potential Impact on X-ray Revenue for Your Organization

By X-ray Technology	Medicare Volumes (Projections)	Medicare Reimbursement without Reductions	Medicare Reimbursement with Reductions	Potential Revenue Loss
Analog		(Volumes) x (TC)	(Volumes) x (TC) x (.80)	(Reimbursement without reductions) – (With reductions)
CR		(Volumes) x (TC)	(Volumes) x (TC) x (.93)	(Reimbursement without reductions) – (With reductions)
DR		(Volumes) x (TC)	(Volumes) x (TC)	N/A
<b>Total</b>		(Sum of analog, CR, DR)	(Sum of analog, CR, DR)	(Sum of analog, CR)

### Data you need:

- ✓ Medicare volume projections by x-ray technology
- ✓ Medicare technical component reimbursement

### Additional considerations:

- Reimbursement cuts depend on year (see previous page)
- Technical component reimbursement depends on setting, e.g. freestanding versus outpatient department

## Beyond x-ray, what are the implications for future reimbursement?

**CMS likely to continue to push providers to adopt newer technologies:** X-ray payment cuts are consistent with previous Medicare policies that adjust reimbursement to reflect significant adoption of digital imaging:

### Previous examples:

1. The 2016 reimbursement cuts to CT scanners not compliant with the radiation dose standards (XR-29)
2. Increased reimbursement related to the radiologist workstation to reflect the adoption of Picture Archiving and Communication Systems (PACS)

### Potential future areas:

1. CMS is currently reviewing the relative value units associated with breast cancer screening to account for the widespread adoption of full-field digital mammography (FFDM)

## Member Frequently Asked Questions

### Q: Are reimbursement reductions compounded?

**A: No.** For example, analog reimbursement will see a 20% cut in 2017; 2018 reimbursement will be cut by 20%, not 40%.

### Q: Do payment reductions apply to both freestanding clinics and hospital outpatient departments?

**A: Yes.** Payment cuts apply to the technical component for both the Medicare Physician Fee Schedule (MPFS), which is typically used in the freestanding setting, and the Hospital Outpatient Prospective Payment System (HOPPS). HOPPS includes exams performed in the emergency department.

### Q: Is the professional component (physician payment) impacted?

**A: No.** The reimbursement cuts apply only to the technical component, meaning professional fees for reading the exam remain unchanged regardless of technology used to perform the exam.

### Q: Do payment reductions apply to Critical Access Hospitals (CAHs)?

**A: No.** The language of the law suggests that this will only apply to MPFS and HOPPS as it references “fee schedules.” Since that is not the system under which CAHs are reimbursed, a CAH should be exempt. However, as the language is vague CMS will likely rule on implementation in this year’s rulemaking cycles, with proposals set to come out summer 2016.

Source: H.R.2029 - Consolidated Appropriations Act, 2016, Imaging Performance Partnership research and analysis.