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October 31, 2012

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**GAO REPORT FINDS PHYSICIAN SELF-REFERRALS COST MEDICARE
MORE THAN \$100 MILLION ANNUALLY, POSE RISK TO BENEFICIARIES**

Baucus, Grassley, Levin, Stark, Waxman Release GAO Report Showing Increased Use of Costly Services by Physicians Who Self-Refer

Washington, DC—Senators Max Baucus (D-MT) and Chuck Grassley (R-IA) and Representatives Pete Stark (D-CA) and Sandy Levin (D-MI) and Henry A. Waxman (D-CA) today unveiled a report detailing the role physician self-referrals have in driving up costs for patients, taxpayers, and Medicare

A self-referral is the practice of a physician ordering tests on a patient that are performed by either the referring physician himself or another physician or facility from whom he has a financial interest.

The Government Accountability Office (GAO) report entitled, *Higher Use of Advanced Imaging Services by Providers Who Self-Refer Costing Medicare Millions*, found physician self-referrals are driving up utilization of particular services and exposing patients to unnecessary health risks while increasing costs to patients and Medicare.

GAO specifically investigated the role of self-referral with regard to magnetic resonance imaging (MRI) and computed tomography (CT) services from 2004-2010. It found that the number of self-referred MRI services increased by more than 80 percent compared to a 12 percent increase for non-self-referred MRI services. For CT services, the growth of self-referred services more than doubled, while non-self-referred CT services increased by about 30 percent.

The report also reveals the serious financial impact self-referral driven overutilization has on America's health care system. GAO estimates that Medicare spent approximately \$109 million more in 2010 than it would have without these self-referral incentives.

"The results of this report are eye opening. Self-referrals offer an incentive for providers to order more tests than they would otherwise. It's clear they are driving up costs. Providers' bottom lines shouldn't be getting in the way of their patients' care and best interests," said Senator Baucus, Chairman of the Senate Finance Committee.

“Medicare payment policy shouldn’t incentivize unnecessary tests that drive up costs and even jeopardize the well-being of patients,” Senator Grassley said. “The challenge is to develop a payment system that safeguards beneficiary access to services while preventing self-referrals by physicians who abuse the system.”

“Today’s report is the first objective analysis I’ve seen of the role that self-referral is playing in advanced imaging services. It should serve as a wakeup call to Congress that this is an arena where we can’t afford to sit idly by and allow providers to continue these practices. It’s costing taxpayers millions of dollars, increasing costs on beneficiaries, and exposing patients to radiation that has real health consequences. Once again, we’re seeing how money drives behavior. We need to step in to stop these abusive self-referral arrangements now,” said Representative Stark, Ranking Democrat on the Ways and Means Health Subcommittee.

“This report highlights the need to continue our efforts to reform Medicare’s payment system so that cost-efficient and quality care is the priority and not provider profits,” said Representative Levin, Ranking Member of the Ways and Means Committee. **“As the report shows, there is reason for serious concern with regard to the practice of self-referral.”**

“GAO’s report today points to an area where beneficiaries are being exposed to increased costs and potentially harmful health consequences. As stewards of the Medicare program, we need to be looking for just these kinds of abusive practices and put an end to them – strengthening the program’s fiscal health and protecting beneficiaries at the same time,” said Representative Waxman, Ranking Member of the Committee on Energy and Commerce.

The GAO report can be accessed [here](#).

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