

Technical Component Discounts for Advanced Imaging Services

Under the Medicare physician fee schedule, some services have separate payments for the technical component and the professional component. Imaging services generally have this two-part payment structure, with the actual taking of the image being the technical component and the interpretation of the image serving as the professional component. Medicare pays for each of these components separately when the technical component is furnished by one physician and the professional component by another. When both components are furnished by one physician, Medicare makes a single global payment that is equal to the sum of the payment for each of the components.

Since 2006, the Centers for Medicare and Medicaid Services (CMS) applies a 25 percent reduction to the Medicare technical component for advanced imaging services (CT, MRI, ultrasound) on consecutive body parts during the same scanning session. CMS imposed this reduction based on recommendations from two non-partisan entities that advise the Congress Medicare issues. These two entities—the Medicare Payment Advisory Commission (MedPAC) and the Government Accountability Office—noted that practices or facilities furnishing imaging services benefited from efficiencies associated with multiple same-body area scans during a single session. Under the policy, a physician was paid the full technical component amount on the highest paid imaging technical component and received technical component payment that was 25 percent for the other same-session consecutive body parts images.

Does the health reform law make changes that impact the advanced imaging technical component rate in 2010?

Yes. The Patient Protection and Affordable Care Act (ACA) increased the discount that applies to the technical component payment for advanced imaging services on consecutive body parts during a single session from the current 25 percent rate set by CMS in 2006 to 50 percent beginning July 1, 2010. As noted above, the idea behind discounting the technical component payment is that the cost associated with use of advanced imaging equipment to scan one body part is not fully incurred when multiple scans in the same body area are done during a single session. Congress determined that it is appropriate to discount the technical component payment in these scenarios 50 percent. Between July 1, 2010 and December 31, 2012, a physician was paid the full technical component amount on the highest paid imaging technical component and received technical component payment that was 50 percent for the other same-session consecutive body parts images.

Beginning January 1, 2013, the 50 percent discount will also apply to the professional component of advanced imaging services (CT, MRI, ultrasound), when the imaging services are provided to a single beneficiary, by multiple physicians practicing in the same group practice.

The ACA explicitly stipulates that reduced expenditures, or savings, that result from lower payments associated with increasing the discount to 50 percent go back to the U.S. Treasury. Therefore, the savings are not redistributed through an increase in payments for other fee schedule services.