

Advanced Imaging Service Assumed Equipment Use Rate – 2014

In 1997, the Centers for Medicare and Medicaid Services (CMS) set the assumed use rate for all types of equipment, from an MRI machine to an x-ray machine, at 50 percent. In practical terms, this meant that CMS assumed that equipment was being used 25 hours out of a 50 hour practice week. The agency acknowledged that it established this assumed rate without having access to specific equipment use information

As explained in greater depth in the corresponding 2011 provision of this guide, researchers have questioned whether the CMS 50 percent assumption was too low, especially as it pertained to advanced imaging equipment, which includes CT, PET, and ultrasound, in addition to MRI. A 2006 survey of select geographic markets conducted by a non-partisan entity that advises Congress indicated that advanced imaging equipment use was significantly higher than the 50 percent assumption. This and other assessments increased policymaker concern that the CMS assumed use rate was resulting in higher than justified payments for advanced imaging services. Numerous researchers have indicated that high relative payment rates for advanced imaging services provide financial incentives that contributed to rapidly rising advanced imaging utilization. It was also noted that the high acquisition cost for advanced imaging equipment provides a strong incentive to optimize the amount of time it is in use.

The Patient Protection and Affordable Care Act of 2010 (ACA) stipulates that the assumed use rate for expensive (costing over \$1 million) equipment, which essentially describes equipment used in advanced imaging, that is used as a factor in determining the Medicare physician fee schedule technical component payment be set at 75 percent beginning January 1, 2011. This superseded the phased-in 90 percent rate that CMS set in 2010. The law further stipulates that the savings generated by increasing the assumed use rate from the 50 percent used in 2009 to 75 percent, which lowers the payment for advanced imaging services, go back to the U.S. Treasury instead of being retained in the physician fee schedule payment pool.

Have there been any developments since 2011 with regard to the assumed equipment use rate for advanced imaging services?

The assumed rate will increase effective January 1, 2014, in accordance with a provision of the American Taxpayer Relief Act of 2012 (H.R. 8), which was signed into law on January 2, 2013. Although the ACA would have held the rate steady at 75 percent for 2011 and all subsequent years, the Taxpayer Act will override that provision of the ACA — by setting the rate at 90 percent for 2014 and all following years. As previously determined for 2011, savings generated by increasing the assumed rate will go back to the U.S. Treasury instead of being retained in the physician fee schedule payment pool.