



# Senate Appropriators Restore Funding for Basic Nuclear Medicine Research at DOE

The Senate Energy and Water (E&W) Development Appropriations Committee report for fiscal year (FY) 2008 included \$34 million for the Department of Energy (DOE) Office of Science/Office of Biological and Environmental Research Medical Applications and Measurement Science program, with \$20 million explicitly dedicated to nuclear medicine research. The previously passed House version of E&W appropriations did not restore funding for nuclear medicine research.

The relevant section of the Senate committee report reads:

*Medical Applications and Measurement Science—Of the funds provided, \$34,000,000 is for Medical Applications and Medical Science. The increase of \$20,000,000 is for nuclear medicine research and should be distributed through a grant program. The Committee is disappointed that for the third year in a row the Department has eliminated from its budget funding for nuclear medicine research.*

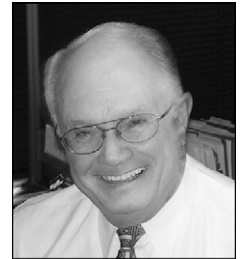
Senate E&W appropriations may be considered on the Senate floor sometime this summer. After moving through the Senate, the next major step in the legislative process is the conference committee, where relevant senators and representatives will reconcile the differences between the Senate and House versions of E&W appropriations.

## CMS Issues 2008 HOPPS Proposed Rule

On July 16, the Centers for Medicare & Medicaid Services (CMS) posted an advanced notice of the Hospital Outpatient Prospective Payment System (HOPPS) proposed rule for 2008. In addition to proposing policy and payment changes for services furnished to Medicare beneficiaries in hospital outpatient departments, the rule also includes: a 2008 update to the Ambulatory Surgical Centers (ASC) covered procedures list; the ASC payment system and 2008 payment rates; Medicare administrative contractor updates; and reporting hospital quality data for the FY 2008 Inpatient Prospective Payment System annual payment update program.

Other important proposed changes affecting nuclear medicine in the rule for 2008 include:

- Bundling payments for all diagnostic radiopharmaceuticals and contrast agents with the ambulatory payment classification (APC) category (major service procedure).
- Paying separately for therapeutic radiopharmaceuticals at prospective rates set using the CMS claims mean data at charges adjusted using the department-specific cost-to-charge ratio.
- Increasing the \$55 threshold to \$60 for drugs, biologicals, and therapeutic radiopharmaceuticals that will be separately paid.
- Bundling many add-on “imaging processing services” with the cost of the major procedure Current Procedural Terminology (CPT) codes (examples of bundled CPTs include: 76376, 76377, 78020, 78478, 78480, 78496, and 93325).
- Reconfiguring several of the CPT codes within APC categories, such as multiple- and single-study procedure codes; CMS is keeping some single- vs. multiple-study CPT codes separate while collapsing others—such as maintaining 78465 in its own APC 0377, yet collapsing 78461 into APC 0398; and collapsing cardiac PET single and multiple studies into APC 0307, while also collapsing nuclear medicine technologies such as PET and PET/CT into APC 0308.
- Implementing (in 2008) 10 quality reporting measures that are specific to hospital outpatient services—hospitals that fail to report these measures would incur a reduction of 2% in their annual HOPPS payment update factor for 2009.
- Setting new payment rates for ASC under a revised system effective for services in 2008—the proposed estimates for the 2008 ASC payments are 65% of the HOPPS rate.



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## CMS Issues 2008 Proposed Medicare Physician Fee Schedule Rule

On July 2, CMS issued the proposed rule for the Medicare Physician Fee Schedule (MPFS) for 2008. The proposed

rule affects physicians and office payment for services paid under the resource-based relative value scale (RBRVS). The rule includes the following policies, which will affect nuclear medicine if adopted:

Without an act of Congress, CMS will implement a 9.9% reduction in payment rates for physician-related services. The conversion factor (CF) for 2008 will be set at \$34.1457, 9.9% below the 2007 CF that was frozen at \$37.8975.

Due to the acceptance of recommendations by the American Medical Association RBRVS Update Committee, CMS proposes to implement a budget neutrality adjustor (0.8816), which is applied only to the work relative value units (RVUs) for all CPT codes. This means that CMS has implemented a -11.8% adjustment to all CPT code work RVUs in the formula to make the overall payments in this system budget neutral.

The proposed rule continues phasing in a new methodology for determining practice expenses (PE) RVUs. For 2008, CMS will apply 50% of the new methodology; in 2009, 75%; with full implementation in 2010. SNM's recommendations for changes to many PE items for nuclear medicine procedure codes were accepted by CMS. Refinement is important with this new bottom-up calculation. The impact to nuclear medicine procedures results in a mix of more increases than decreases with these methodology changes. In general, for procedures with high equipment costs, the rates will increase over time, whereas those procedures with lower equipment expenses will see reductions.

Two other important notes regarding the PE methodology calculations are: (1) CMS has not changed the equipment usage percentage assumption of 50%; and (2) CMS proposes NOT to change the equipment interest rate assumption, maintaining it at 11%.

There are NO proposed changes for the radiopharmaceutical payment methodology in the physician office or independent diagnostic testing facility (ITDF) setting for 2008.

Consistent with requirements of the Deficit Reduction Act, this proposed rule caps payment rates for imaging services under the MPFS at the amount paid for the same services when performed in hospital outpatient departments. When the proposed 2008 HOPPS rates are posted, the SNM MPFS materials will be updated.

The proposed 2008 MPFS rule also continues a policy of reducing the payment for before technical component of multiple imaging procedures on contiguous body parts by 25%. CMS will apply the multiple imaging reductions first, followed by the HOPPS imaging cap, if applicable.

CMS is modifying a number of the physician self-referral provisions to close loopholes that have made the Medicare program vulnerable to abuse and is modifying the enrollment standards for IDTFs. Last year CMS finalized IDTF rules that were then rescinded.

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and infrastructure to facilitate these developments and innovations. Through our molecular imaging campaign, we will be able to facilitate these initiatives.

I thank the many individuals who participated in our Leading Technologies/Assessment Task Force meeting: Sue Abreu, MD; Eric Agdeppa, PhD; Robert W. Atcher, PhD; Laurence Clarke, PhD; Peter S. Conti, MD, PhD; Barbara Y. Croft, PhD; Chaitanya Divgi, MD; Janet Eary, MD; Richard A. Frank, MD, PhD; Kim Gallagher, PhD; Peter Herscovitch, MD; Ed Jackson; Joel S. Karp, PhD; Paul E. Kinahan, PhD; Maxim Y. Kisilev, PhD; Peter

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The results of this meeting show that SNM has the knowledge and the plan to advance our mission (to improve health care by advancing molecular imaging and therapy) and our vision (to become the leader in advancing and unifying nuclear medicine, molecular imaging, and therapy).

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