

Congress of the United States
Washington, DC 20515

April 16, 2010

The Honorable Gene L. Dodaro
Acting Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Dodaro:

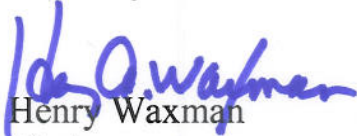
As you know, the physician self-referral law, set forth in section 1877 of the Social Security Act, prohibits physicians from referring Medicare patients for imaging services, radiation therapy services, and certain other designated health services to an entity with which the physician or a member of the physician's immediate family has a financial relationship. However, there are exemptions to the self-referral prohibition. For example, the 'in-office ancillary exemption' allows a physician, under certain conditions, to provide imaging services, radiation therapy services, and some other designated health services in his or her office.

Proponents of the in-office ancillary exemption note that the ability to self-refer may help improve patient access to services and better enable physicians to make rapid diagnoses and initiate treatment. However, there are also concerns that the potential financial incentives associated with self-referral could lead to the overprovision of imaging and radiation oncology services. In fact, studies have suggested that physicians tend to be responsive to these financial incentives and that self-referral may be a contributing factor in the rapid increase of use of these services.

Consequently, we request that GAO conduct a study to evaluate the extent of physician self-referral arrangements for advanced imaging and radiation oncology services provided to Medicare beneficiaries and the effects of such arrangements on Medicare spending. Specifically, the study should focus on (1) prevalence, patterns, and trends in physician self-referral for advanced imaging and radiation oncology services, (2) Medicare spending on these physician self-referred services,

and (3) the extent to which self-referral may have led to increases in the provision of, and Medicare spending for, advanced imaging and radiation oncology services. Thank you for your attention to this important matter. If you have any questions about this request, please contact Tim Gronniger of Committee on Energy and Commerce at (202) 225-5056 and John Barkett with the Committee on Ways and Means at (202) 225-3943.

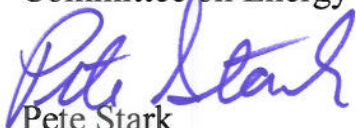
Sincerely,



Henry Waxman
Chairman
Committee on Energy and Commerce



Sandy Levin
Chairman
Committee on Ways and Means



Pete Stark
Chairman
Subcommittee on Health
Committee on Ways and Means