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REPORT REVEALS DOCTORS OVER-REFERRING PATIENTS FOR FINANCIAL GAIN
In 2010, Increased "Self-Referrals" Led to More Than 900,000 Unnecessary Referrals Costing Medicare \$69 Million

WASHINGTON – [A report released today by](#) Senate Finance Committee Chairman Max Baucus (D-Mont), Senate Judiciary Committee Ranking Member Chuck Grassley (R-Iowa), House Ways and Means Committee Ranking Member Sander Levin (D-Mich.) and House Energy and Commerce Ranking Member Henry A. Waxman (D-Calif.) revealed a dramatic increase in the rates of doctors ordering anatomic pathology tests and procedures when they stand to make financial gains. The Government Accountability Office (GAO) report estimated that in 2010 alone, the increase resulted in \$69 million charged to Medicare and 918,000 treatments that would not have occurred had these physicians been referring patients at the same rates as physicians who do not stand to benefit financially from the referral.

"A doctor's first concern should be their patients' health – not their own personal wealth," Senator Baucus said. **"This is yet another example of why we need to move toward a health care system that pays for care based on value, not volume. And this isn't just about waste in health care, it's also about patients – many of whom are elderly Medicare beneficiaries – being subjected to unnecessary tests and procedures. We need to find ways to clamp down on these doctors and make sure patients are getting the tests that are necessary and right for them."**

"This report shows a relationship between the use of services and providers' financial interests," Senator Grassley said. **"Federal policy should drive doctors to make decisions based on quality of care, not financial relationships. The taxpayers shouldn't have to pay for services that aren't medically necessary."**

"This is the second GAO analysis in less than a year highlighting concerns with self-referral practices. Abuse of these arrangements could impose unnecessary costs on taxpayers and beneficiaries, while exposing patients to potential complications from unnecessary procedures. Preserving the integrity of the program requires Medicare's resources to be used wisely, with an accurate payment system based on patient needs and not provider profits," Rep. Levin said.

"Today's GAO report sheds new light on the behavior of physicians reaping personal gain by referring patients to services at locations where they have an ownership interest. The analysis suggests that financial incentives for self-referring providers is likely a major factor driving the increase in referrals for these services. As Congress looks to reign in unnecessary spending, my colleagues and I should explore this area in greater depth," Rep. Waxman said.

[The report](#) compared the growth rates of anatomic pathology services provided by dermatologists, gastroenterologists and urologists that were “self-referrals”, which occur when doctors send patients to a provider in which they or a family member have a financial stake, and those which were non-self-referrals. It found that referrals for anatomic pathology services by these three types of providers substantially increased the year after they began to self-refer – increasing from 14 to 58 percent compared to the year before they began to self-refer. Self-referrals more than doubled between 2004 to 2010, while non-self-referrals only grew by slightly more than a third. The report focused on anatomic pathology providers, who diagnose diseases by examining organs and tissues. Three provider specialties within that field – dermatology, gastroenterology, and urology – accounted for 90 percent of self-referrals in 2010.

The report released today is the second in a series of GAO reports examining the rise of self-referrals. The first, [released in October](#), investigated the growth of self-referral in magnetic resonance imaging (MRI) and computed tomography (CT) services over the same 2004-2010 timespan. It found a similarly dramatic increase in imaging services ordered by physicians who self-refer compared to those who do not.

The full text and a summary of today’s GAO report can be accessed [here](#).

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