

Philips Healthcare

December 22, 2008

Kerry N. Weems
Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Attention: CMS-1403-FC
Mail Stop C4-26-05
7500 Security Boulevard
Baltimore, MD 21244-1850

Re: Medicare Program; Revisions to Payment Policies under the Physician Fee Schedule and Other Revisions to Part B for CY 2009; Final Rule; CMS-1403-FC

Dear Mr. Weems:

On behalf of Philips Healthcare (Philips), I am delighted to have this opportunity to comment on the final CY 2009 Physician Fee Schedule Rule (the Final PFS Rule). Philips operates in five main business areas: Diagnostic Imaging Systems, Clinical Solutions, Healthcare Information, Customer Services and Home Healthcare Solutions. Our product line includes best-in-class technologies in X-ray, ultrasound, magnetic resonance, computed tomography, nuclear medicine, PET, radiation oncology systems, patient monitoring, information management, personal emergency response systems, and resuscitation products. Our comments on the Final PFS Rule address the interim final relative value units (RVUs) for two new echocardiography CPT codes—CPT 93306 and CPT 93351.

Transthoracic Echo (TTE) with spectral and color flow Doppler (new CPT 93306)

Philips is extremely concerned about the substantial reductions in Medicare payment for transthoracic echocardiography (TTE) with spectral and color flow Doppler. It is our understanding that these reductions are the result of a number of factors, including modification of CMS's budget neutrality methodology and the continued transition to "resource-based" practice expense RVUs. However, we understand that another factor contributing to the reduction is the "bundling" of the current CPT code for TTE (CPT Code 93307) with the CPT codes for spectral and color flow Doppler (CPT 93320 and 93325, respectively), into a new CPT code (CPT 93306). As the result of this "bundling", the Medicare payment allowance for TTE

with spectral and color Doppler (CPT 93306) will be less than the sum of the component codes (CPT 93307, 93320 and 93325).

We understand that CMS believes that there are efficiencies that occur when certain procedures are performed together, and we support CMS efforts to ensure that duplicative payments are not made for the same services. However, our review of the RUC data base suggests that spectral and color flow Doppler are currently valued as “add on” codes and that care was taken to ensure that there was no duplicative payment for these services and the echo imaging codes with which they are billed. For this reason, it is unclear to us why the RUC recommended, and CMS approved, lower RVUs for the combination of TTE with spectral and color flow Doppler than the sum of all the RVUs for all of the component services.

We also understand that the RUC refused to consider modifying the equipment costs associated with the new CPT code 93306, because the genesis of this code was a five-year review of work RVUs, and such five-year reviews generally do not include revisions of equipment costs or other practice expense data. However, if CMS is not going to update the equipment cost data based on this rationale, neither should it reduce the estimated clinical staff time for the procedure, since clinical staff time, too, is considered a practice expense under the CMS methodology.

In fact, we urge CMS to increase both the non-physician staff (sonographer) time and the equipment costs for the new CPT code 93306. Echocardiography laboratories, both in hospitals and in non-hospital settings, now typically use digital technology, which requires increased cardiac sonographer time and which involves increased equipment costs (see discussion below).

CPT 9351 (Stress ECG with Stress Echocardiogram).

The PFS Final Rule also sets forth interim final RVUs for another “bundled” echo code, CPT code 93351, which includes a stress test (CPT code 93315) when billed with a stress echo (93350). We presume that CPT code 93351 is to be reported if the stress test and the stress echo are performed by the same physician.

For CPT code 93351, as for CPT code 93306, the RVUs associated with the “bundled” code do not equal the sum of the component codes, presumably because of alleged efficiencies resulting from the performance of the component services at the same time and the elimination of duplicative resources.

In its discussion of CPT 93351, CMS requests certain additional data related to the equipment used to perform stress echos in non-hospital settings. Specifically, CMS rejected the recommendation of the RUC with respect to the cost of echo equipment, which was estimated at \$325,000, and instead utilized the cost of a prior version of the same model of equipment, costing \$248,000. We support the acceptance of the equipment estimate provided by the RUC.

CMS also rejected the RUC estimate of the cost of an echo table, at \$11,095, and instead substituted a stretcher, at a cost of \$1,915. Since we do not sell echo tables, we are not in a

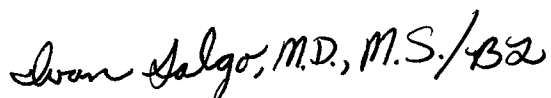
Kerry N. Weems
December 22, 2008
Page 3

position to comment on this issue, but note that third party payers, including a number of Medicare carriers, are increasingly requiring accreditation of diagnostic facilities as a condition of payment, and the accreditation organization for echocardiography services, the Intersocietal Accreditation Commission for the Accreditation of Echocardiography Laboratories (ICAEL) does require an exam table.

Finally, CMS included a “dual” echocardiography image viewing and reporting system, although it accepted the base unit price of \$85,000 in place of the \$173,000 price provided by the specialties. We understand that the manufacturer quote upon which this decision was based was for a Philips Xcelera System. Typically, non-hospital purchasers request additional features that are not included in this base unit price.¹ These features generally add about \$70,000 to the typical purchase price. In addition, non-hospital providers generally purchase service contracts, which typically sell for around \$5,000-\$10,000 per year depending on type of service program involved. Adding service contracts to additional features to be base price adds approximately \$100,000 to the base sales price of these systems.

We hope that these comments are helpful. If you have any questions regarding these comments, please do not hesitate to contact Laurel Sweeney at laurel.sweeney@philips.com.

Sincerely yours,



Ivan Salgo, M.D., M.S.
Chief of Cardiovascular Investigations
Philips Healthcare-Ultrasound

¹ Additional features that are often purchased include: L12-3 linear transducer, C5-2 and S5-2 transducer, Doppler probe, Stress Echo, DICOM and structured reporting, Clinical Cardiology Option and Vascular Option, 3D QLAB, 2DQ