

Iowa Board of Medicine

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A Policy Statement on Conflict of Interest: Physicians Holding Financial Interest in Imaging and Other Services

Adopted by the Board on January 17, 2008

Research shows that physicians who have a financial interest¹ in a health service, such as imaging (CT, MRI and PET scans), laboratory testing, nuclear medicine, or radiation therapy are more likely to order those services, if the physician stands to benefit financially.^{2 3 4 5} Physician self-referrals result in over utilization of services, which markedly increase costs to society, and can lead to patient harm, e.g., improperly conducted tests, excess radiation exposure.⁶ The hospital standards that once controlled the qualifications of those who conducted and read tests and who kept up the machinery do not apply in free-standing centers or physicians' offices, where services have migrated.⁷ Despite Federal regulation in this area, i.e., Stark I and II, widespread physician involvement in self-referrals exists today.⁸

The Iowa Board of Medicine finds that a conflict of interest exists when an M.D. or D.O. holds a financial interest in a facility or service to which the physician refers that is outside of the physician's own practice and at which the physician does not directly provide care or services.

If a physician holds a financial interest in such a referral facility, the physician should follow these steps directed toward safeguarding his or her patients:

- Disclose the physician's investment interest to a patient when making a referral;
- Provide patients with a list of effective alternative facilities if they are available;
- Inform patients that they have free choice to obtain the medical services elsewhere;
- Assure patients that they will not be treated differently if they do not choose the physician-owned facility; and
- Establish an internal utilization review program to ensure that an investing physician does not exploit his or her patients in any way, as by inappropriate or unnecessary utilization.

The Board accepts the ethical policies of the American Osteopathic Association and the American Medical Association as it relates to this conflict of interest. The Board refers both M.D.s and D.O.s to the full ethical policy, established by the American Medical Society and updated in 1994, *E-8.032 Conflicts of Interest: Facility Ownership by a Physician*.

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- 1 Financial interest may involve lease, purchase, time-sharing or other investment for financial gain.
- 2 Medicare: Referrals to Physician-Owned Imaging Facilities Warrant HCFA's Scrutiny (Report, 10/20/94, GAO/HEHS-95-2Office), 1993; 1-7.
- 3 Report to the Congress: Medicare Payment Policy. March 2005; 168.
- 4 J. M. Mitchell. "The Prevalence of Physician Self-referral Arrangements after Stark II: Evidence from Advanced Diagnostic Imaging," Health Affairs-Web Exclusive, 17 April 2007.
- 5 Maryland Declaratory Ruling No.2006-1 by the Maryland Board of Physicians. 2006.
- 6 R.M. Green. "Physicians, Entrepreneurism and the Problem of Conflict of Interest," Theoretical Medicine,1990; 11:287-300.
- 7 Report to the Congress: Medicare Payment Policy. March 2005; 154-177.
- 8 J. M. Mitchell. "The Prevalence of Physician Self-referral Arrangements after Stark II: Evidence from Advanced Diagnostic Imaging," Health Affairs-Web Exclusive, 17 April 2007.
- 9 Code of Medical Ethics of the American Medical Association. Council on Ethical and Judicial Affairs, Current Opinions with Annotations, 2006-2007 Edition. 190-191.