

# Ultrasound Equipment Purchase; a Feasibility Study

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## Clinical situation

A group of anesthesiologists perform post operative pain management nerve blocks in a holding room adjacent to the OR, on a routine basis. Some of the younger partners want to use ultrasound guidance to assist with the placement of these nerve blocks. The group wants to investigate the opportunity to increase practice revenue for the procedure. Should the anesthesia group purchase the ultrasound equipment and bill for the ultrasound guidance or should the hospital purchase the ultrasound equipment and charge for the technical component for diagnostic ultrasound services?

## Cost

The cost of the ultrasound equipment is relatively inexpensive compared to other anesthesia related equipment such as the anesthesia machines. A reasonable ultrasound unit will cost \$35,000-50,000 depending on the features. Add maintenance cost of 10% or \$5,000 and the first year cost total \$55,000.

## Reimbursement

The CPT code for Ultrasound guidance for needle placement is 76942. Under the CMS "Site of Service" rules technical component of ultrasound guidance cannot be billed by the physician. Only the professional interpretation can be billed by the physician by utilizing -26 modifier appended to the CPT code. Medicare's 2009 fee schedule reflects a payment amount of \$34.26 for the professional interpretation of the procedure.

The hospital can charge for the technical component of the ultrasound guidance and would be paid \$149.68 per procedure.

## Return on investment

*Group ROI* would equal  $\$55,000 / \$34.26 = 1605$  procedures or approximately 3.3 years, if the group performed 40 procedures per month.

*Hospital ROI* would equal  $\$55,000 / \$149.68 = 367$  procedures or approximately 9.2 months, if the group performed 40 procedures per month.

I have calculated the ROI using all Medicare patients to maintain a conservative slant to the ROI. Non-governmental payers will make some payment for the procedure. The amount and the requirements for payment vary wildly.

## Other Considerations

After consulting with several groups who have experimented with the various ways to be reimbursed for the ultrasound guidance, my opinion is that the hospital should purchase the equipment and bill for the technical component and the physicians should bill the professional component only.

The groups that purchased the ultrasound equipment found that often their associated nerve block charges were being delayed or denied (requiring appeals) because of the 79249 CPT code being billed. The outpatient pain practices that utilize ultrasound have found that many non-government payers are beginning to deny payment for the procedure.



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