

## **RITA Medical Systems Announces New Radiofrequency Ablation Reimbursement Code Available for Treating Kidney Cancer New CPT Code Issued for Percutaneous Radiofrequency Ablation of Renal Tumor**

### **FREMONT, Calif.--(BUSINESS WIRE)--Nov. 22, 2005-- Medicare Increases Hospital Outpatient Payment for Liver Cancer Radiofrequency Ablation**

RITA Medical Systems, Inc. (Nasdaq: RITA), a publicly-traded medical device company focused solely on cancer therapies, today announced that the American Medical Association (AMA) has assigned a new Current Procedural Terminology (CPT) code, 50592, for percutaneous radiofrequency ablation (RFA) of renal tumors. Following the AMA's action, Medicare issued new National Unadjusted Payment Rate Relative Value Units(a) (RVU) calculations for both facility and non-facility based percutaneous radiofrequency ablation treatment of renal tumors. The new CPT code and payment levels become effective on January 1, 2006.

The Centers for Medicare and Medicaid Services (CMS) also reconfigured the 2006 hospital outpatient payment for RFA of liver tumors. This reconfiguration resulted in a 35% increase over 2005 levels in hospital outpatient payments for percutaneous liver RFA procedures and a 55% increase over 2005 levels in hospital outpatient payments for laparoscopic liver RFA procedures. As with the new kidney RFA code, the new payment levels become effective on January 1, 2006.

Joseph DeVivo, President and Chief Executive Officer of RITA Medical commented, "The new renal CPT code is an important milestone for the application of radiofrequency ablation in the treatment of kidney cancer. We are particularly pleased that the Society of Interventional Radiology championed the cause of reimbursement for percutaneous renal RFA for their membership. We believe that interventional radiologists interested in performing RFA to treat kidney cancer will benefit from the implementation of the new reimbursement code."

He continued, "Recognition from the AMA's CPT Editorial Panel that renal RFA is appropriately recorded with a unique CPT code is, in our view, additional validation of the acceptance of the procedure among clinicians."

"We believe that the improving RFA reimbursement landscape is due in part to the continuing clinical adoption of RFA, which we see reflected in our customer base," said Mr. DeVivo. "We are also very pleased at the rise in 2006 physician reimbursement for percutaneous and laparoscopic RFA for liver cancer. We believe that this increases the incentive for physicians to perform minimally invasive RFA procedures," he concluded.

#### **RENAL RFA**

Beginning January 1, 2006, the following CPT code reimbursements will be effective for physician and hospital outpatient payment for renal tumor RFA. The newly published Medicare National Unadjusted Payment Rates set payment levels for physician services of \$5,666.40 per procedure for non-facility based percutaneous radiofrequency treatment of renal tumors, and \$367.92 for physician services for facility-based percutaneous treatment. The use of imaging modalities including computed tomography (CT), magnetic resonance imaging (MRI), or ultrasound (US) adds \$197.89, \$212.00, and \$107.08, respectively, to the facility based procedure. The use of CT, MRI, and US adds \$550.25, \$675.06, and \$172.56, respectively, to the non-facility based procedure.

CPT Code 50592 covers percutaneous radiofrequency ablation of renal tumors (e.g. cysts, lesions mass). Imaging guidance is covered by codes 76362 (CT), 76394 (MRI), and 76940 (Ultrasound) including computed tomography (CT) guidance. The AMA CPT codes are applicable to government and private payer health insurance systems. The private payer health insurance systems commonly set reimbursement levels for medical treatments using the published Medicare "National Unadjusted Payment Rates."

2006 Medicare Outpatient Payment System reimbursement guidelines include Ambulatory Payment Classification (APC) group 0423 reimbursement of \$2,355.93 for hospitals. Imaging guidance APC's include APC 0333 for CT guidance (\$303.82), APC 0335 for MRI guidance (\$303.49), and APC 0268 for US guidance (\$62.25).

CPT codes are also available for the reimbursement of surgical (laparoscopic and open) resection of renal tumors. CPT 50541 (\$854.14) covers laparoscopic surgical ablation of renal cysts. CPT 50542 (\$1,067.58) covers laparoscopic surgical ablation of renal tumors (e.g. lesion mass). APC 0130 and 0132 correspond with CPT 50541 and 50542, respectively, and hospital

reimbursement of \$1,896.93, and \$3,790.01, respectively.

If the kidney RFA procedure is performed in the inpatient setting, the most likely DRG assignment for the procedure will be DRG 303. The FY2006 Medicare payment for DRG 303 is \$10,477.03.

#### LIVER RFA

The newly published Medicare National Hospital Outpatient Payment rates for percutaneous RFA liver (CPT 47382) increased from \$1,753.39 in 2005 to \$2,355.93 in 2006. Laparoscopic RFA liver (CPT 47370) increased from \$2,436.17 in 2005 to \$3,790.01 in 2006.

If the liver RFA procedure is performed in the inpatient setting, the most likely DRG assignments for will be DRGs 192 and 191. The FY2006 Medicare rates for these two DRGs are \$7,931.33 (DRG 191, without comorbidities and complications) and \$18,740.86 (DRG 191, with comorbidities and complications).

#### For More Information

The 2006 Final Rule for the Physician Fee Schedule can be found at <http://www.cms.hhs.gov/physicians/pfs/>.

The 2006 Final Rule for the Hospital Outpatient Prospective Payment System (OPPS) can be found at <http://www.cms.hhs.gov/providers/hoppps/2006fc/CMS-1501-FC.pdf>.

(a) Unadjusted Payment is equivalent to the multiple of RVU's times \$36.1770 (2006 conversion factor). Actual payment may differ.

#### About RITA Medical

RITA Medical Systems develops, manufactures and markets innovative products for cancer patients including radiofrequency ablation (RFA) systems for treating cancerous tumors as well as percutaneous vascular and spinal access systems. The Company's oncology product lines include implantable ports, some of which feature its proprietary Vortex<sup>®</sup> technology; tunneled central venous catheters; and safety infusion sets and peripherally inserted central catheters used primarily in cancer treatment protocols. The product line also includes the HABIB 4X resection device which coagulates a "surgical resection plane" and is designed to facilitate a fast dissection in order to minimize blood loss and blood transfusion during surgery. The proprietary RITA RFA system uses radiofrequency energy to heat tissue to a high enough temperature to ablate it or cause cell death. In March 2000, RITA became the first RFA Company to receive specific FDA clearance for unresectable liver lesions in addition to its previous general FDA clearance for the ablation of soft tissue. In October 2002, RITA again became the first company to receive specific FDA clearance, this time for the palliation of pain associated with metastatic lesions involving bone. The RITA Medical Systems website is at [www.ritamedical.com](http://www.ritamedical.com).

The statements in this news release related to the growth of physician adoption of RFA treatment, the safety and the efficacy of RFA, the impact of CPT codes, the obtainment of FDA clearance for our products, and the achievement of key milestones and regulatory approvals are forward-looking statements involving risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. Such risks and uncertainties include but are not limited to: the Company's ability to compete with companies offering alternative therapies for solid cancerous and benign tumors; the Company's lack of long-term data regarding the safety and efficacy of its RFA products; delay of product introductions or modifications as a result of the FDA regulatory process; the Company's success in its physician training efforts; market acceptance and physician adoption of the Company's products for existing or new indications; the Company's dependence on international sales; competitive pressures; the ability of users of the Company's products to receive reimbursement from third-party payors, governmental programs or private insurance plans; and general economic and political conditions. Information regarding these risks is included in the Company's filings with the Securities and Exchange Commission.

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