

Defining Radiology's "New Normal"

Ronald Evens, MD, on the impact of the new health-care legislation

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As medical imaging's leaders struggle to find their footing in the post-health-reform era, one aspect is certain: The need for greater efficiency is more important than ever. The resulting changes from the new policy nationwide may be dramatic: Whereas the demand for efficiency once resulted in increased profitability, today it could mean the survival of the enterprise.

This is because medical imaging appears to be taking a disproportionate reduction in reimbursements and an increase in the requirements to qualify for payment.

Ronald Evens, MD, is the chief medical advisor and chair of the Medical Advisory Board of Compressus, Inc. In a recent interview, Evens had clear and direct views on the impact of the new health-care policy.

"All the pundits describe the new health-care-reform legislation as primarily insurance driven and related to adding individuals to the insurance lists," Evens says. "In fact, knowledgeable readers understand that the new legislation promotes old habits of continuing to cut reimbursements for all of imaging."

He continues, "This will continue for at least two or three more years, as imaging is perceived as overpriced and needing to cut back. While most of the new health-care-reform legislation only has serious interactions after 2010, the continued price cutting for imaging is already starting, not only for CT and MRI, but for all of our vascular studies."

According to Evens, medical-imaging decision makers will have their hands full trying to determine not only where to reduce their overhead, but how to accommodate an anticipated increase in volume without a reduction in quality.

"The impact on the individuals in the decision-making positions will be somewhat of a whipsaw," Evens says. "First, there will indeed be more individuals with insurance who will be seeing physicians who are ordering imaging. Second, the number of imaging procedure increases that we will need to contend with nationwide will have less reimbursement."

Evens adds, "That, in turn, will drive some providers out of the market, allowing more volume for those who remain, but for those who remain, efficiency of service, utilization of their equipment, and especially utilization of radiologists will increasingly become important. This will require better IT, and better PACS and RIS solutions."

As Evens sees it, there could very well be fewer imaging enterprises competing for a larger market. That market, however, will contain volume that is burdened with decreasing profit margins.

He says, "Other than hospitals and radiology groups, most nonradiology providers will only accept a short time of negative cash flow, and they'll get out of the business. There are going to be many more short-term problems where these decision makers are going to have to review all expenses, even some that they believed were untouchable."

As the Chairman of the Compressus Medical Advisory Board, Evens could be considered a subjective observer, but his experience does support a thoughtful commentary on the need for change.

"Compressus has an important role to play because more and more people will want to be increasingly productive with their current assets, and one of those assets is the interpreter," Evens says. "By implementing a Compressus solution the number of interpretation sites can be reduced. Compressus can add efficiency to the overall number of interpreters and some enterprises even consider reducing the need for outsourcing and returning interpretations back to their own operations, by utilizing resources in the evening."

Evens adds, "Compressus also allows many facilities to expand their market by offering efficient, real-time, specialty services that they may not have otherwise had."

Evens notes that the water is now over the dam and that the first imaging enterprises to act and adjust may have an advantage over those who hesitate. He says, "Whether radiology has been singled out or not, there are estimates of \$3 billion worth of cuts related to radiology over a 10-year period. Beware, now is the time to prepare!"

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