

The Corporatization of Radiology,
Accountable Care Organizations, and
Other Changes to the Radiology
Landscape:

Strategic Considerations and Professional
Responses

Wisconsin Radiological Society
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My Goal:

Raise some serious concerns, get you to
think, be aware, and hopefully
be proactive.

Macrohealthcare Trends

- National focus on costs (unsustainable growth)
- Consumer driven (transparency/choice)
- Quality metrics
- Globalization
- Increasing government involvement

Macrohealthcare Trends

- Consolidation: Hospitals
Payers
Radiology groups
 - Dallas-Ft. Worth (140 rads)
 - Strategic Radiology (+/- 1000 rads)
- Corporatization: Nighthawk and Virtual Radiology
Imaging Advantage
Radisphere, Foundation

Nighthawk's Mission Statement

To transform the practice of radiology,
to improve the quality of patient care,
and the lives of the physicians who provide it.

Nighthawk: 2008 The Beginning of My Final Chapter

- Shareholder and Board Concerns
- Philosophic differences with the Board of Directors
- Resigned as CEO: Nov. 15, 2008
- Remained Chairman of the Board

Resignation as Chairman of the Board

"Effective today, June 8, 2009, I am resigning as Chairman and member of NightHawk Radiology Services, Inc. Board of Directors, due to differences I have with changes in the direction, policies, business strategies and initiatives that the Company has decided to undertake. These are more than simply philosophic and business strategy issues and relate to the fabric and core principles that I have tried to inculcate into the mission of the Company as founder, and former Pres. and CEO."

Corporatization of Radiology (cont.)

- Corporations which bring significant "value-adds" to radiologists and/or the health care enterprise, and sustainable improvements in quality of patient care are of value to the health care delivery system.
- Companies which do not provide this value, and principally function as an intermediary between the doctor and the service organization, and profit primarily via a diversion of physician revenues will not be sustainable.

Macrohealthcare Trends

- **Employment of physicians**
 - Control
 - Economics
 - Quality?
 - Supply vs. Demand
- **Accountable Care Organizations**

Accountable Care Organizations (ACO)

- A network of doctors and hospitals that share responsibility for providing care to patients and would agree to manage all of the health care needs for a minimum of 5,000 (Medicare) beneficiaries for at least three years
- Types of organizations that may become an ACO:
 - 1) Physicians and other professionals in group practices or in networks of practices
 - 2) Partnerships of joint venture arrangements between hospitals and physician/professionals
 - 3) Hospitals employing physicians/professionals

ACO's (cont.)

- Radiologists are concerned that the ACO will "expedite the demise of unrestricted volume-based fee-for-service reimbursement, and eliminate the opportunity for radiology practices to maintain independence, and place radiologists at an economic disadvantage." *
- It is recommended that radiologists should understand the structure of the ACO that they may be involved with, and learn how they may participate in and benefit from the care model.
- A focus on the appropriateness of imaging and the elimination of unnecessary examinations will be essential.

Breslau J., Lexa, F.
JGIM, March 2011

Radiology Service Trends: Teleradiology

- "Prior to teleradiology, radiologists were protected in their practice sinecures by a variety of barriers to competition, and had wide latitudes to look at life according to their own viewpoints and self-interests."
- "It is likely that major consolidation in the practice of radiology will be fostered by means of teleradiology to achieve benefits of scale, provide more timely service, provide access to subspecialist clinical expertise, and better match supply with demand."

J. Thrall, MD. Radiology 2007; 244, 325-328

Teleradiology: Commoditization?

- "If the practice of radiology is defined narrowly as the interpretation of imaging examinations, the specialty indeed risks becoming commoditized."
- "However if the practice of radiology is defined more broadly and comprehensively, it is clear that radiology is not a commodity, and that teleradiology, rather than being an instrument of commoditization, can be an important tool for the enhancement and optimization of providing imaging services to patients."

J. Thrall, MD; JACR 2009; 6(2) 73-75

Radiology Service Trends (cont.)

- Teleradiology: the need for point of service image interpretation is diminishing.
- Increasing demand for subspecialization
- Decreased consultative role (PACS/Teleradiology)
- Efficiency and process improvement
- Standardization – protocols; reporting

Radiology Service Trends (cont.)

- Competition from non-radiologists
- Greater horizontal integration (service lines)
- Concern regarding radiation dosage
- Appropriateness of imaging
- Abundance of radiologists

Abundance of Radiologists

- Primary concern for radiologist (now and future) will be: JOB SECURITY !!
- Will also be a driver of sub-specialization and increasing quality (needed to survive)
- WINNERS AND LOSERS

Compensation Models

- Traditional Partnership: all “animals” are equal
- Employee / Salary
- For your consideration: Four Components
 - Salary and benefits
 - Productivity (RVU's)
 - Quality component
 - Contribution to the healthcare enterprise

Strategic Considerations and Professional Responses

- QUALITY: Clearly define significant and meaningful quality metrics / best practices
Set the bar very high and deliver
- subspecialize, Subspecialize, SUBSPECIALIZE!
- Increase CONSULTATIVE roll: (“boots on the ground” and electronically)

Strategies and Professional Responses

- Consider: CONSOLIDATION / MERGERS
 - locally, regionally
 - system-wide (IDN)(need a strategically compelling reason)

Strategies and Professional Responses

- Be part of the TEAM (broaden your "job description")
- Increase role in radiology department and hospital management/operations
- Drive improved process: critical pathways, protocols, purchasing, reporting, communications, technology

Strategic and Professional Responses

- Become active in any ACO discussions or other strategic meetings relating to the Healthcare Enterprise of which you are a part.

Strategies and Professional Responses

- Be "PATIENT-CENTRIC"
- Be the director of appropriate imaging utilization delivered in a timely fashion
- Be compassionate and focus on patient safety and radiation issues.

The Future

- Improved quality of care
- Increased professional satisfaction
- Increased importance of the radiologist role and a "bigger seat at the table"
- Greatly increased JOB SECURITY

Summary

The digital revolution, payer and consumer demand for quality and transparency, unsustainable healthcare cost increases, increasing government involvement, along with issues such as corporatization and the proposed Accountable Care Organizations have / will change the landscape of radiology forever.

Summary

Radiologists must see themselves as members of the healthcare enterprise TEAM, assume greater responsibility for the management and operations of the entire imaging information enterprise, and dispose of the simplistic "film reader" mindset.

Summary

If we do this, the mission critical importance of providing essential information for medical and therapeutic decision making, uniquely positions the radiologists to be leaders in the healthcare enterprise.
