Future Trends That Will Impact Radiology

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Disclosure
I have a financial relationship with a commercial organization that may have a direct or an indirect interest in the content of my presentation as follows:

I am the CEO & President of Imaging Consultants, Inc. (ICI), a company that provides consulting services to radiology practices, hospitals, and corporate entities.

The presidential election is over.

What can we in Radiology expect?

What will our future look like?

Wouldn't it be great if 2015 looked like 2009 or better yet, 2005?
It would be great, but it ain’t gonna happen!

It would be great, but I don’t think so…

Why are we our own worst enemy, and what can we in Radiology expect in an era of economic austerity and health reform?
Radiology’s “cheese” has been moved, and we are being forced to confront non-traditional issues, protect against aggressive competition, and cope with practice-threatening trends.

This is not the time for “business as usual”; however, 95% of ACR Councilors said (2012 AMCLC) that they believed that radiologists would not change until the pain of the status quo far exceeded the potential pain of changing.

Given the trends facing the specialty, that is a very dangerous position for radiologists to take.

What are the trends our specialty is facing that should cause us to rethink our inaction?

**Trends That Will Alter the Practice of Radiology**

1. Declining reimbursement- particularly impacting the technical component
2. An unrealistic focus on productivity
3. Washington’s “love affair” with family practice; radiology’s image or lack thereof
4. The availability of RA’s, RPA’s, PA’s, & NP’s
5. Millennials (Gen X and Gen Y’ers) and their cultural outlook
6. Turf battles of a more global proportion
**Trends That Will Alter the Practice of Radiology**

7. More demands from hospital administrators for increased coverage, better service, and subspecialization

8. Competition from academia "playing in the traditional private practice arena"

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**Declining Reimbursement**

Do not delude yourself into thinking that DRA was the end of our reimbursement pressures.

In my opinion, it is just the beginning!

Radiology will shoulder more than its share of the reimbursement pain.

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**What Might Occur to Impact Reimbursement Further?**

- Further increase in the utilization rate calculations; expansion of "contiguous body parts" discount
- Consolidation of IR (and other) codes
- Adoption of Medicare/HOPPS rate by other insurers
- Homogenization of the regional reimbursement variations
- Failure to "fix" SGR (a 10 month reprieve 2/12)

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**An Unrealistic Focus on Productivity (RVU Output)**

- In an attempt to compensate for declining reimbursement, radiologists are increasing their RVU output
- This focus trivializes the "really important" activities in a department such as practice-building, consulting, and service to referring physicians and patients

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**An Unrealistic Focus on Productivity**

- PACs has made radiologists even more remote thus negating the importance of relationships
- This combination of pressures has made radiologists more "interchangeable" and contributed to the commoditization of the specialty

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Measuring (pw) RVU's is not enough!
Establishing and recognizing the value of non-clinical activities is of critical importance.

Why Should We Care?

We should care because CMS plays a “zero sum game.” If somebody gets more, it means that somebody else gets less.

The perception in Washington is that family practitioners are underpaid and over-worked; the perception of radiologists is the exact opposite. Like it or not, we have an image problem.

What Role Does Radiology Play on House?
Trick Question
The question should have been:
“What Role Do Radiologists Play on House?”

Welcome to the city of Miami!
Some of its citizens participated in an ACR focus group four years ago.
The topic was radiology and radiologists.

If a significant number of individuals don’t even think that radiologists are physicians, how long can we justify being one of the most highly paid specialists in all of medicine?

What Did They Have to Say?
• Most had no idea who (or what) a radiologist was
• Many thought that the radiologist was the individual who “took the pictures”
• Some didn’t even know that a radiologist was a doctor

How can we be surprised that radiology took the brunt of the physician cuts mandated by the DRA?

AND…

How can we not expect major cuts in the future?
Non-Physician Professionals
RA's, RPA's, PA's, and NP's will all play greater roles in radiology practices.

These non-physician professionals can, in many practices, replace the need for new radiologists and further tighten the job market.

Declining reimbursement, stock market reversals, and the increasing reliance on non-physician professionals combine into a perfect storm that equates to less jobs available for those coming out of training.

Millenials (Gen X and Gen Yer's)
In the past, there was a tug between those that wanted to make more money and those that wanted more time off.

The new breed wants more time off... and they want to earn more money!

The tightened job market and the "millennial mindset" have combined to make it easier for national radiology companies to hire radiologists and become more aggressive in the pursuit of radiology contracts.

We mentor our new hires poorly (or not at all), and we delay dealing with our problematic partners/associates. There is also a problem of not taking an "ownership" interest in our practices, which is compounded by pervasive apathy and a belief that if we "coast along", things will always be as they are today.
Entitlement

Just because we are radiologists doesn't mean that we will "a priori" be granted the right to interpret new (or even existing) imaging studies.

Turf Battles

Why should we believe that other specialists won't try to emulate the success of the cardiologists and the vascular surgeons? It's a slippery slope, and just because we've been "lucky" so far doesn't mean that we will be lucky forever.

Turf Battles (con’t)

More turf battles
A) cardiologists
B) orthopedists
C) oncologists
D) GI physicians
E) OB-GYN
F) vascular
G) urologists
H) neuro docs

More Demanding Hospital Administrators

Most exits from hospitals are initiated by the hospital, not by the radiology group. Radiology is a service specialty; provide the service and your contract will be far more secure.

Why Are “They” Doing This To Us?

• They are tired of hearing complaints from the referring physicians (service issues)
• They don’t like us competing with them
• They want more control (hours, #s, etc.)

Why Are “They” Doing This To Us?

• They want our turf to attract referring physicians
• They want to own our practice-integrated service model
• Because they don’t like us (personality clashes) qualities
Why Are “They” Doing This To Us?

• Because smaller groups cannot provide the services that patients need and deserve- 24/7 sub-specialty expertise, 24 hour in-house presence, multiple sub-specialists with redundancy for vacations, sophisticated management, quick informed decision-making, etc.
• They don’t think that we possess the necessary leadership skills

Greater Competition from Academia

The traditional picture of an academic- making less income, but serving the greater good -has eroded over the past several years. With a few notable exceptions, it is no longer a sustainable situation.

Greater Competition from Academia (con’t)

“Cash-starved” academic departments will be forced to compete in the private sector for specialty reads, teleradiology coverage or even entire hospital contracts. Private practice does not have a lock on hospital contracts just because that is the way it has been in the past.

Greater Competition from Academia (con’t)

Academic institutions are just starting to flex their “competitive muscles”; these efforts will only intensify. Private practitioners must understand that there is nothing unethical about these initiatives.

In progressive academic departments we will begin to see the traditional 3-legged stool of research, teaching, and clinical work supplemented by a 4th leg- business development-enabling the other 3 legs to remain in balance.

Those were just easy issues.
What should keep you up at night?
What Should Keep You Up At Night?
The Unholy 4

1. Commoditization/Outsourcing
2. Corporatization
3. Retail medicine
4. Alternative Payment Mechanisms

Watch Out For These In 2015:

Commoditization
If some of the most prominent radiologists in the country are presently reading specialty studies for $35.00-$40.00 per final read, how can the rest of us justify charging more?

Outsourcing
Have we traded the long-term stability of our practices for the short-term comfort of less/no night call?

The Relationship of Outsourcing to Commoditization

• Outsourcing teaches hospital administrators and referring physicians that relationships don't matter. Basically, any study can be read by anyone, at any time, in any place.

• Imaging then becomes a commodity and commodities are traded on price.

Watch Out For These In 2015:

Spot market trading for imaging studies
This has already been predicted by David Brailor, former Bush health IT administrator. If relationships don't count and imaging is a commodity, why should Wall Street treat it differently from any other commodity? Combine this with a possible lifting of the Medicare ban of payments for overseas reads (i.e. a worldwide bidding pool), and you have plummeting fees.

Telerays to auction telerad readings to lowest bidder
By Lin Muschitz
AuntMinnie.com contributing writer
October 16, 2008

Call it the eBay of radiology. A new firm called Telerays has developed a novel Web-based auction approach to teleradiology services that calls for readings to be awarded to the lowest bidder. The company is currently recruiting radiologists to sign up to provide readings and is marketing its services to hospitals and imaging centers.
Watch Out For These In 2015:

**Corporatization**
If 75% of radiology is controlled by large corporations in Australia, what’s to prevent that from happening here? Previous failures are not insurance against future more successful efforts at corporatization.

**Corporatization**
What’s worse is that the old companies were voluntary. You could join or not.

Now there are companies that are dealing directly with hospitals. They will take over your contract, and they seem to have no trouble finding ways to cover even large practices.

**Disintermediation**

Why are the national radiology companies getting more aggressive?
FOLLOW THE MONEY!

Are you currently using an outside night call coverage service for ER coverage at night?

1. Yes
2. No
If not, are you contemplating using a night call coverage service for ER services?

1. Yes
2. No

For those who out-source their call:

1. I plan to continue with the same company
2. I plan to continue, but will change companies
3. I plan to bring call coverage back into the practice (will stop out-sourcing)

With the drying up of the outsourcing market, the money that these companies would like to earn will come from your hospital’s contract.
Radiologists must understand that this is not “business as usual.” There are several companies that can and will take your contract. Why are these entities appealing to a hospital?

What Do These Companies Offer to a Hospital?
1) Less or no problematic radiologists - if a problem occurs, that radiologist is gone
2) Quality metrics on a monthly basis
3) 24/7 sub-specialty expertise
4) Savings because there is no need for transcriptionists
5) Savings (in the future) on equipment, etc.

If radiologists are to maximize their opportunities to retain their tenure, they will have to match (or exceed) what these companies are offering.

Watch Out For These In 2015:

Retail Practice of Radiology
Many big chains and pharmacies presently have mini clinics. At least one Wal-Mart has basic x-ray. What kind of squeeze could Wal-Mart impose on CT and MRI profit margins?

Watch Out For These In 2015:

Alternative Payment Models
By 2015 hospitals will become more aggressive in pressuring their radiology groups to become employees, and many radiologists will willingly agree. The concept of “professional payment bundling” is being pushed hard by health care theorists. This will accelerate the move to the employment model.

Fee for service has worked very well for radiologists; however, it is clear that practices will have to cope with a variety of alternative payment methodologies. Bundled payments, capitation “offshoots”, and ACO “opportunities” are “just around the corner.”
Preparation will be necessary in order to survive and thrive under these “non-traditional” payment models. Most radiologists will not have the IT capability to compete, making us vulnerable to corporate entities. The ACR has the expertise and the Neiman HPI is set to work on this problem.

So, what’s the bottom line for 2015 (and probably a lot sooner)?

In the old days, all we wanted was to get our slice of the pie. Now we have to understand that the pie is going to be smaller, so to stay the same, we will have to get a bit of someone else’s piece. If we want to grow we will have to develop a different type of pie.

Concerning your actual 2011 income compared to 2010, in 2011 my income is:

1. Higher
2. Lower
3. About the same
For the 2nd consecutive year, about half the radiologists at the Economics of Diagnostic Imaging reported a drop in their year-to-year incomes.

In the past, virtually all radiologists were winners (although to different degrees); in the future, there will be winners and losers.

In the past, it took work to fail; in the future, it will take work to succeed.

Conclusion
1. Things are going to be far more difficult than they had been for the last 10 years.
2. Non-traditional entities will compete vigorously for our traditional business - and in many cases, they will win.

Conclusion
3. Academic departments will evolve into more comprehensive entities. They will no longer be content to care for the indigent and passively allow private practitioners to “skim the cream”, and they have a major marketing advantage.
4. Progressive academic departments will experience unprecedented opportunity.

Conclusion
5. Radiologists will have to take control of their practices, because letting “others do it” is a recipe for disaster.
6. Radiologists will have to take control of their specialty, because if we don’t, others outside of radiology will be happy to take what we have.
Conclusion
7. There is no sympathy for us in the national arena, and we have few (or no) champions outside the specialty.

Conclusion
8. The future of Radiology is bright, but the future for radiologists is uncertain. What we have now is not guaranteed. Some will thrive in the future, while many will be caught unprepared. Turbulent times offer unprecedented opportunities. On which side of the equation will you be found?

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