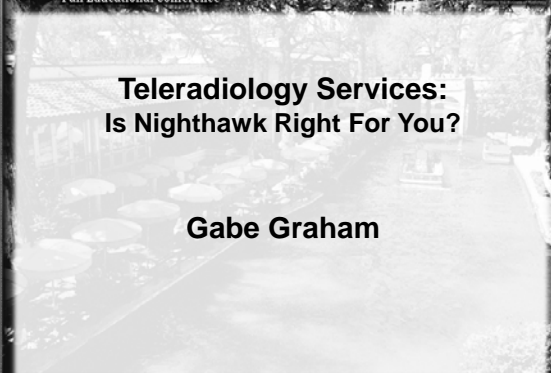


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**Teleradiology Services:
Is Nighthawk Right For You?**

Gabe Graham




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Disclosure:

**CBIZ MMP
Medical Management
Professionals**

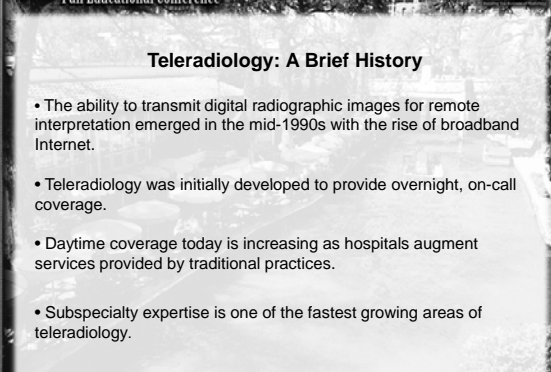
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Teleradiology: A Brief History

- The ability to transmit digital radiographic images for remote interpretation emerged in the mid-1990s with the rise of broadband Internet.
- Teleradiology was initially developed to provide overnight, on-call coverage.
- Daytime coverage today is increasing as hospitals augment services provided by traditional practices.
- Subspecialty expertise is one of the fastest growing areas of teleradiology.



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Teleradiology: Multiple Benefits for Radiology Groups

- Reduces on-call workload for hospital-based practices
- Relieves staffing pressure caused by radiologist shortages
- Delivers powerful new expertise and capacity
- Particularly beneficial for understaffed, rural groups
- Lower cost

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A Powerful Recruiting Tool

For groups of all sizes, the ability to recruit physicians in a tight market is improved by the promise of few, if any, on-call responsibilities.

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Hospitals Also Gain

- On-demand "surge" capacity
- 24/7 access
- Subspecialty reads
- Streamlined service
- Reduced costs

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A Double-edged Sword

- Teleradiology's lower cost and greater efficiency increase the risk that hospitals could bypass traditional radiology groups and shift some or all of their radiology requirements to teleradiology firms.
- Enlisting a teleradiology firm can backfire if groups are on shaky ground with hospitals or have not made customer service a priority.

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Strong Hospital Relationship a Must

- Practices that maintain strong ties with their hospital and are working toward mutually agreed-upon goals should have little to fear from teleradiology companies.
- But groups that are seen as difficult, greedy or lacking in customer service may want to think twice about bringing a new and capable player into the mix.

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It's All About Customer Service

- Teleradiology firms are fast, capable and thorough. Most offer instant interaction between the reading radiologist and the referring physician.
- Groups that cannot provide an equivalent level of service may be setting in motion their own downfall by partnering with a teleradiology company.

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The Bottom Line

- A well-conceived teleradiology strategy improves service to patients and hospitals and boosts physician recruiting through reduced on-call demands.
- Vulnerable groups that open the door to a teleradiology provider are essentially introducing an agile and aggressive competitor to their most important customers.

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Selecting a Partner

- Key differentiators for selecting a teleradiology firm are service and price.
- Due diligence process: This is no different than choosing any key vendor or subcontractor.

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Service

- Report Content
- Ability to talk to referring physicians
- How do they pay their physicians (per click or salary)
- Turnaround times
- No compete clauses
- Check references (preferably a trusted peer)

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Penciling it Out

- Most teleradiology firms work on a per-study basis.
- Groups should accurately calculate their existing volume by modality for the periods of time the teleradiology firm is scheduled to fill in.

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Read the Fine Print

- Pay particular attention to how firms bill for common procedures.

Example: Some firms assign two billing codes to studies frequently used together. Others may charge only 1.5 units.

- The cost differential can be significant. Therefore, understand your volume and their methodology.

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Drive a Hard Bargain

- Competition in teleradiology is driving down prices.
- Ancillary charges (fixed, per-day fees or guaranteed minimum number of studies per day) should be rejected.

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The Key Financial Question for Hospital-based Groups

Does it make more economic sense to outsource overnight responsibilities or devise an equitable and efficient way to handle those duties in-house?

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How to Estimate Volume for the number of studies per night

- For small groups (1 to 5), a decent rule of thumb is that number of studies per night equals the number of radiologist in the group.
- For larger groups, the number jumps to between 1.0 to 2.0 times the number of radiologists.
- Another way to estimate volume would be to know the number of concurrent ER docs available during the night and use a multiple of 4 to 6 studies per ER doc.

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Start Times

Start Times	%
5pm	30%
6pm	10%
7pm	15%
8pm	13%
9pm	10%
10pm	6%
11pm	12%
12am to 7am	4%
	100%

- Start times have a drastic impact on the cost of the service

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Know the cost per Study/Unit

	Cost per Study
MR	\$ 70.00
CT	\$ 45.00
US	\$ 45.00
NM	\$ 45.00
XR	\$ 19.00
CT A/P	\$ 67.50

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Small Group Example

Volume

Start Times	MR	CT	CT A/P	Studies
5pm	1.00	3.00	3.00	7.00
6pm		1.00	1.50	2.50
7pm		2.00	1.50	3.50
8pm	1.00	2.00		3.00
9pm		1.00	1.50	2.50
10pm			1.50	1.50
11pm		1.50	1.50	3.00
12am to 7am		1.00		1.00
Total	2.00	11.50	10.50	24.00

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Small Group Example

Cost

Start Times	MR (\$70)	CT (\$45)	CT A/P (\$67.50)	Cost
5pm	\$ 70.00	\$ 135.00	\$ 202.50	\$ 407.50
6pm		\$ 45.00	\$ 101.25	\$ 146.25
7pm		\$ 90.00	\$ 101.25	\$ 191.25
8pm	\$ 70.00	\$ 90.00		\$ 160.00
9pm		\$ 45.00	\$ 101.25	\$ 146.25
10pm			\$ 101.25	\$ 101.25
11pm		\$ 67.50	\$ 101.25	\$ 168.75
12am to 7am		\$ 45.00		\$ 45.00
Total	\$ 140.00	\$ 517.50	\$ 708.75	\$ 1,366.25

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Help from the Hospital

Hospitals can be enlisted to help share the expense of teleradiology services if the group can demonstrate that services will be improved and the subsidy will help achieve a fair income level for physicians.

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Buying Trouble

Asking for a teleradiology subsidy without doing your homework is a recipe for rejection or even displacement of the group.

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Teleradiology is Here to Stay

Teleradiology's role is likely to increase as reimbursements shrink and pressure to improve imaging throughput and efficiency grows.

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Future

- More cases, more types of cases, more images per case
- Final reads
- Dayreads
- No risk final reads
- PACS services
- RIS services
- Consulting
- Billing
- Technical support

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Striking the Right Balance

- A well-conceived teleradiology strategy can add new muscle to a hospital-based practice by:
 - Adding a wider range of subspecialty expertise
 - Improving customer service to both referring physicians and hospitals
- Without a strong, underlying relationship with the hospital and an ongoing commitment to customer service, radiology groups enter into teleradiology arrangements at their peril.

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