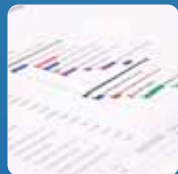


TELERADIOLOGY SERVICES: Is Nighthawk Right for You?

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PHYSICIAN BILLING — PRACTICE MANAGEMENT

Teleradiology has emerged as a potent force in the U.S. health system over the past decade. The ability to transmit digital radiographic images for remote interpretation has helped reduce the on-call workload of hospital-based radiologists, eased the radiologist shortage and delivered powerful new expertise and capacity to rural and understaffed practices around the country.

In the years ahead, remote reads will likely play an even larger role in radiology as imaging demand continues to grow and payer reimbursements shrink. Yet precisely what that role will be -- and how it will impact traditional practices -- remains to be seen.

A DOUBLE-EDGED SWORD

That's because the elements of teleradiology that currently appeal to hospital-based radiologists, including on-demand "surge" capacity, 24/7 access, subspecialty reads, streamlined service and reduced cost, also are attractive to hospitals. As a result, teleradiology's growth increases the risk that some hospitals may eventually decide to bypass traditional practices and shift some or all of their radiology needs to teleradiology firms.

Hospital-based groups that are considering incorporating teleradiology into their practice model should therefore take time to fully understand the service offering and carefully weigh whether, and to what extent, remote reading makes sense for them. Harnessed correctly, teleradiology can generate big benefits for practices, including improved service to the patient and hospital and stronger physician recruiting through reduced on-call demands.

But enlisting a teleradiology firm can backfire if groups are on shaky ground with their hospitals or have, for whatever reasons, consistently failed to meet customer service expectations. Vulnerable groups that open the door to a teleradiology provider essentially are introducing an agile and aggressive competitor to their biggest, if not, sole customer.

As is the case with any vendor relationship, groups that elect to use a teleradiology service must scrutinize closely the company's pricing and develop a clear understanding of their own volume in order to accurately project costs. In some instances, the additional expense of teleradiology may be partially or fully offset by a hospital subsidy, providing the group can make its case for assistance with detailed and empirical information.

AN EVOLVING SERVICE

Teleradiology emerged in the mid-1990s with the rise of the Internet. The service in its earliest incarnations was promoted primarily as a way for radiologists to obtain "nighthawk" coverage and thus eliminate or reduce the burden of overnight, on-call responsibilities. Some end-users, including emergency and primary care physicians, initially resisted remote reading of MRIs, CAT scans, and x-rays due to concerns that the physical distance from the radiologist could affect responsiveness and/or quality. But in most cases, these worries quickly abated as emergency physicians began to see that the service did not impact care quality. In fact, teleradiology for many physicians represented a marked improvement over the traditional after-hours on-call arrangement, since, unlike some radiologists, the remote readers welcomed any and all studies at any time of day or night.

Teleradiology has evolved rapidly from its nighthawk beginnings. Today, a growing number of firms are providing daytime coverage to augment hospital-based practices on an as-needed basis. In addition, the development of sub-specialty expertise has emerged as one of the fastest growing areas of teleradiology. Radiologists with training in neurology, podiatry, rheumatology, oncology, pediatrics, orthopedics and other specialties are providing generalists with a new level of on-demand diagnostic sophistication and expertise.

WEIGHING THE BENEFITS

Determining whether the inclusion of teleradiology services is right for your practice requires carefully weighing costs and benefits. Virtually every group must, at some point, provide overnight on-call duties. Thus, the key question is whether it makes more sense economically to outsource overnight responsibilities or, alternatively, to devise an equitable and efficient way to handle those duties within the group. Generally speaking, groups of 20 or more physicians are probably better off spreading on-call duties internally and avoiding the additional cost of nighthawk service. Conversely, smaller groups can more easily

justify the decision to outsource, both for the physician quality-of-life benefits and for the cost reductions associated with foregoing additional hires. It should be noted, however, that for practices of all sizes, the ability to recruit physicians in a tight market is improved by the promise of few, if any, on call responsibilities.

STRONG HOSPITAL RELATIONSHIP A MUST

From a strategic standpoint, the most important factor to consider when contemplating a teleradiology outsource arrangement is your group's existing relationship with the hospital. Practices that maintain strong ties with the hospital and are working toward mutually agreed-upon goals should have little to fear from teleradiology companies. Conversely, those that are seen as diffident, recalcitrant, greedy or lacking in customer service may want to think twice about bringing a new and capable player into the mix. Teleradiology firms continue to refine their customer service functions. Most are fast, capable and thorough, and many offer instant interaction between the reading radiologist and the referring physician. Groups that can not provide an equivalent level of service may be setting in motion their own demise by partnering with a teleradiology company.

It is critically important that, whenever possible, the group should control the contract with the teleradiology company and establish in writing that the firm will not negotiate directly with the hospital. Enlisting the teleradiology provider as a sub-contractor greatly reduces the possibility that the firm will make an end-run around the practice to win a bigger share of the hospital's business. It also allows the group to control the kinds of teleradiology services provided to the hospital.

SELECTING A PARTNER, DETERMINING A PRICE

The process of finding the right teleradiology partner should be no different than the kind of due diligence performed when selecting any key vendor or sub-contractor. Yet many groups do not shop comparatively when seeking a teleradiology vendor and simply choose the first one they find. Assuming quality and service meet acceptable standards; price and terms of service are the key differentiators and must therefore be examined closely.

Groups should accurately calculate their existing volume by modality for the periods of time the teleradiology firm is slated to fill in. Because most teleradiology groups work on a per-study basis, determining projected costs should be relatively straightforward. Fortunately, intensifying competition between teleradiology firms continues to drive down prices and groups should shop until they're confident they've found the best deal. In addition, they should reject ancillary charges, such as fixed, per-day fees or guaranteed minimum number of studies per day. If vendors aren't willing to eliminate these surcharges, the practice should look elsewhere.

Practices should also pay particular attention to how firms bill for common procedures. Many firms, for example, assign two CPT codes, or two billing units, to a pelvic-abdominal CT scans. But because the studies are frequently used together, other teleradiology firms have begun to charge only 1.5 units for the studies. The cost difference between the two models can be significant. Again, a thorough understanding of existing volume by modality is critical to determining the best price.

Hospitals can be enlisted to help share the expense of teleradiology services through a new or existing stipend, providing the group can demonstrate unequivocally that service will be improved and that the subsidy will help the group achieve a fair and equitable income level for its physicians. Asking for a teleradiology subsidy without doing the necessary homework is a recipe for, at best, rejection, and at worst, possible displacement of the group.

STRIKING THE RIGHT BALANCE

A well-conceived and properly managed teleradiology strategy can add new muscle to a hospital-based practice by lightening the on-call load, adding a wider range of subspecialty expertise and improving customer service to both referring physicians and hospitals. But without a strong, underlying relationship with the hospital, radiology groups enter into teleradiology arrangements at their peril.

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About MMP

Based in Chattanooga, Tennessee, MMP has more than 80 offices and 2,000 employees nationwide. Founded in 1993, MMP serves more than 3,000 hospital-based physicians across the nation and boasts the highest client retention rate in the industry.

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