

Impact of Healthcare Reform on Medical Imaging: Four Things You Need Know

By Brian Baker

[Regents Health Resources](#), a Franklin, Tennessee based imaging consulting firm, recently completed research quantifying the impact of health reform on imaging from three perspectives: imaging volume, capacity to accommodate the additional volume and the forecast cost of those exams to the system.

With the Supreme Court ruling on the PPACA and the elections behind us now, healthcare is faced with the tough task of managing the impact of health reform. For medical imaging the impact is especially significant and continues to hold uncertainty with SGR updates pushed off for yet another year.

While it's generally accepted that reform, through the individual mandate provision, will help fill today's financial holes left when uncompensated care is provided; it will also bring additional volume that imaging providers must learn to accommodate both operationally and financially.

1. Exam Impact: With a majority of the uninsured population getting some form of healthcare coverage under reform, this coverage will drive millions of new exams to imaging. States forecasted to see the greatest increases are California, Texas and Georgia. In just those three states alone we project a 22.7%, 17.7% and 17.3% increase respectively with California seeing almost 9 million additional exams. Each state will experience varying levels of impact based on the current uninsured population. The consolidated impact is forecast at 13.6% of existing volume or an additional 61 million annual procedures nationally.

2. Technology and Capacity: The current CMS relative value practice expense calculation assumes an equipment utilization rate of 75% of 50 hours, or 37.5 hours per week. But as industry veterans know, the actual hours of use vary widely between outpatient providers, many wishing they could get near 37.5 hours of use a week. Conversely, most ED's provide 24 X 7 service hours. Considering the installed MRI and CT equipment nationwide, and these hours, capacity limitations appear to emerge in some areas across the country with the additional volume from health reform. Meaning, to accommodate health reform volume, some markets will require drastic changes in technology capabilities, hours of service, staff, and support operations.

3. Cost: Yet to be determined within reform are the rates at which healthcare providers will be paid for the new patient volume. If current trends and the March 2012 MedPAC report are any indication, it's easy to assume government programs will not be inclined to pay more than they do today. With the exception of a limited number of CPT codes in a few states, Medicaid rates across the US are generally less than Medicare. Using an average of the Medicare and Medicaid rates applied to the state-by-state CPT specific reform volume reveals a forecast additional spend of over \$4 billion in California, Florida, Massachusetts,

New York, Tennessee and Texas alone. The problem is, CMS is budgeting single digit percentage increases in spending through 2020. The increase in these six states alone represents almost 1% of the total 2010 Medicare spend or said another way, almost 25% of the 2014 spending growth projected by the CBO. Expect further scrutiny to correct this disparity in spending projections.

4. Sustainability & Survivability: Any business, without an ability to turn a profit, will eventually fold. If medical imaging providers (both hospital and outpatient based) want to survive, they will need to adapt. [Click here to learn the four steps you can take right now to ensure your operational success.](#)

Medical Imaging remains one of the most clinically revealing but often underappreciated capabilities of modern medicine.

Unfortunately, it's this capability and specificity that drives utilization and thus the perception by some that imaging is over-utilized. More use, appropriately, will drive down imaging costs and drive up benefits for healthcare.

We have placed ourselves in a vulnerable position by not celebrating the benefits of our services to patients and the cost savings to the healthcare industry as a whole.

The future could not be any clearer. As an industry, we must collaborate and define our own standards for appropriateness and quality to ensure that each and every appropriate patient receives access to high quality care.

By working together, communicating the benefits, cost savings and sharing standardized best practices and results, we can put imaging back in the driver's seat allowing us to do what we do best...provide accurate and specific diagnostic reports to our referring physicians.