



2009: The Year of Diagnostic Radiology

Diagnostic radiology is today's fastest growing medical expense, yet workers' compensation payers unknowingly allow up to 67% of their advanced radiology claims to slip by without the benefit of diagnostic network discounts or quality oversight. One Call Medical, the national leader in diagnostic radiology management, identifies why this happens and how to close these loopholes to prevent future losses and ensure better patient care.

With rising medical costs in an already cash-strapped economy, payers are under more pressure than ever before to tighten the reins on medical spending, particularly in areas of high inflation.

Diagnostic radiology—with a 16-18 percent annual growth rate—is now the fastest rising medical expense, increasing at twice the rate of prescription drugs and faster than overall healthcare spending.

The Facts: According to a report by the Association of Health Insurance Plans (AHIP), almost \$100 billion a year is spent on diagnostic imaging in the U.S., and these costs are expected to double in just five years.

The use of advanced diagnostic radiology is on the rise because it provides fast, comprehensive information on which to formulate an accurate diagnosis and treatment plan. In workers' compensation especially, diagnostic radiology is critically important to ensure prompt, effective, and affordable medical care for injured employees—ultimately leading to appropriate treatment, speedier recovery, and improved return-to-work

results.

With the use of advanced diagnostic radiology increasing so dramatically, however, it has emerged as a new frontier in healthcare services that payers need to manage, just as they manage prescription drugs and hospital services to better control costs. It is estimated that proper management of diagnostic radiology can reduce total medical costs by as much as one to two percent, and these savings increase over time as health care and fee schedule inflation climb while these costs remain fixed.

Diagnostic management is particularly important in workers' compensation due to the general nature of the injuries and the costs involved. Since many work-related injuries are muscular and/or skeletal, they require diagnostic imaging to properly assess medical severity. An inaccurate diagnosis can lead to a poor treatment plan, resulting in a slow or delayed recovery for injured employees and higher workers' compensation costs for payers.

Although many workers' compensation programs across the country have now experienced significant improvements in terms of claims frequency and losses, medical costs continue to increase and are now the biggest challenge many programs face. According to the National Council on Compensation Insurance (NCCI), workers' compensation pays as much as 71% more than group health for similar injuries and health services, with diagnostic radiology accounting for a significant portion of the cost differential. Due to these factors, total claims costs for radiology are projected to increase by at least 20 percent annually into the foreseeable future.

These trends point to an urgent need to provide a more managed approach for diagnostic services. One Call Medical has taken a leadership role in identifying today's key diagnostic challenges:

- On average, 70 percent of advanced diagnostic claims are unmanaged, leading to escalating costs and a potential quality concern in diagnostic testing.
- When tests are referred outside a specialty diagnostic scheduling network, payers incur unnecessary costs. Accepted state fees or usual-and-customary rates (UCR) are typically 30 to 40 percent higher than the discounted rates available through a specialized diagnostic network.
- Approximately 10-15 percent of advanced radiology diagnostic claims qualify for provider discounts, but payers lack retrospective re-pricing programs to capture these savings.
- Consequently, many payers spend as much as 45 percent more than they need to on high-end diagnostic radiology services.

As the nation's largest and most experienced diagnostic radiology firm, One Call Medical has worked extensively with its client companies to identify strategies, tools, and solutions to deliver measurable savings, improved quality of care, and optimal medical outcomes. For example, a comprehensive managed approach would include:

- A specialized diagnostic network that offers discounts of up to 45 percent in savings below state fee/UCR, nationally on average, for advanced radiology services.
- "Fee Negotiation" service for those few cases where a specific scanning provider is requested in geographic areas where contracted providers are limited.

- Impeccable provider credentialing that ensures high quality imaging facilities and radiologists are providing services to injured workers.
- Internal analysis to identify the reasons why tests are referred to out of network providers, and a strategic, company-wide approach to plug these “leaks” in the system.
- Superior diagnostic scheduling and billing services.
- State-of-the-art electronic tools designed to streamline the referral process for claims adjusters, referring physicians, and nurse case managers.

A Comprehensive, Managed Approach: Addressing Five Key Challenges in Diagnostic Radiology Management

Payers are seeking new solutions that provide access to the best advanced diagnostic radiology providers, quality patient care, and effective cost controls. Based on its 16 years of experience and research with dozens of payers ranging from self insured/self administered employers, to Insurance Companies and TPAs, One Call Medical has identified the top five challenges in diagnostic radiology management, and solutions that payers can use to resolve them.

Challenge #1: Getting Injured Workers to Qualified Providers

One Call Medical’s nation-wide provider network includes thousands of diagnostic specialists who consistently deliver quality exams, medically useful reports, and accurate results.

One Call Medical has established quality standards to evaluate and credential its contracted providers. The company has dedicated provider development and credentialing teams, along with a radiology medical advisory board consisting of board certified radiologists. Every provider accepted into the One Call Medical network surpasses all the NCQA standards for quality.

Challenge #2: “Unmanaged” vs. “Managed” Diagnostic Claims

The Facts: Unmanaged claims result in higher medical and diagnostic costs

By analyzing the advanced radiology diagnostic paid claims from multiple payers, One Call Medical discovered that on average 67 percent of these claims went unmanaged—which means they were scheduled “out of network” without the benefit of provider discounts or quality oversight. Unmanaged diagnostic claims typically result in higher medical and diagnostic costs and may impact the quality of care received. Inadequately conducted tests

and poor test interpretations can lead to the need for repeat tests, misdiagnoses, and in some cases, unnecessary surgeries. Managed claims, on the other hand, benefit from optimal savings, efficiency, and quality of care- better outcomes.

Many payers are unaware of how much they spend on high-end radiology services, or what percentage of their claims are unmanaged. To find out, payers can now undergo an extensive assessment of their diagnostic claims activity through One Call Medical's Diagnostic Management Program. This innovative program utilizes One Call Medical's proprietary analytics to track a payer's diagnostic spending and referral patterns.

This evaluation also provides payers with reports that illustrate their diagnostic activity in a variety of ways—including by state or regional office. Payers can even drill down to the claims level to pinpoint "leaks" made by individual adjusters or treating providers. In addition, One Call Medical offers a geographic map analysis, which enables payers to see where referrals have been made to out-of-network, non-contracted providers; where there were OCM contracted providers nearby. Having such revealing data helps payers improve their effectiveness and significantly increases their cost savings.

Challenge #3: Consultation & Education to Reduce Claims "Leakage"

The Facts: Specialized diagnostic networks help payers identify and implement processes, procedures, and behaviors that capture savings and ensure quality.

Once payers have a good breakdown of their diagnostic claims activity, they may need guidance to bring about an overall shift from "unmanaged" to "managed" advanced radiology diagnostic claims. One Call Medical can help payers identify and implement processes, procedures, and behaviors that capture savings and ensure quality.

In some cases, an initial treating physician, claims examiner, or nurse case manager may have scheduled an MRI directly with an imaging facility, missing an opportunity to leverage diagnostic network savings. This type of claims "leakage" results in waste, inefficiency, and overpayments in diagnostic claims.

One Call Medical has established a consultative and educational approach to specifically address this issue, partnering with payers to influence provider, adjuster and nurse case manager behaviors to minimize "leakage." For example, One Call Medical has teamed up with many national payers and third-party administrators to host webinars that educate claims staff about the benefits of using a diagnostic network and the proper procedures that must be followed in order to secure full provider discounts.

Also unique to One Call Medical is a retrospective savings program, which identifies the 10 to 15 percent of diagnostic services that have already been

performed but still qualify for provider discounts. One Call Medical captures savings by re-pricing these bills and reconciling payments with providers who have agreed to participate in the program.

Challenge #4: Automation Tools to Reduce Physician Claims Leakage

In the diagnostic referral process, an initial treating physician may be a source of diagnostic claims leakage. In many cases, the physician will secure authorization from the adjuster, but schedule the exam directly with a non-contracted scanning provider, resulting in an unmanaged diagnostic claim.

Automated tools, like One Call's Rapid Transfer, enable adjusters to quickly and effectively connect physician offices with diagnostic scheduling agents through a simple phone extension transfer. This automated capability ensures that exams are properly scheduled and diagnostic claims are managed to ensure cost-control and better patient outcomes.

Challenge #5: Improving Overall Referral and Payment Efficiency

Since claims adjusters already manage large caseloads, it can be difficult for them to juggle additional tasks, such as scheduling and following up on diagnostic exams.

By partnering with One Call Medical, adjusters end up with fewer tasks to manage. When a diagnostic exam is authorized, adjusters do not have to worry about identifying a scanning provider, scheduling the appointment, or following up on the medical report or bill. Instead, their diagnostic management partner (OCM) handles the whole process.

One Call Medical offers electronic capabilities to further streamline the entire referral to payment process. For example, One Call's online "Customer Center" provides adjusters with 24/7 access to make a referral, view status of their diagnostic claims, and retrieve medical reports in a secure data environment. In addition, the company's integrated e-Response e-mail communication solution keeps adjusters and nurse case managers informed throughout the entire referral to medical report delivery process, with a series of three concise emails detailing referral receipt, appointment information and ultimately the delivered medical report or link to it on the OCM website. OCM also offers electronic data interchange (EDI) solutions for billing, and assistance with implementing EFT payment. These electronic tools/solutions help adjusters move diagnostic claims through the system with maximum workflow efficiency.

True Benefits of Diagnostic Management

The Facts: This approach ultimately leads to quality care for injured workers and optimal recovery and return-to-work results.

With diagnostic radiology costs spiraling ever higher, payers must take appropriate steps to control quality and costs. Partnering with a leader in diagnostic management solutions such as One Call Medical gives payers access to quality radiology providers, prompt scheduling of radiology services, improved care for injured workers, and discounted provider rates that deliver significant savings.

In addition, One Call Medical's network of best-in-class providers are more likely to deliver the highest quality tests and interpretations, which lead to accurate diagnoses, effective treatment plans, better care for injured workers, and optimal recovery and return-to-work results.

One Call Medical has partnered with the majority of the nation's workers' compensation payers to successfully achieve measurable improvements in diagnostic services. On average, One Call Medical's clients have reduced the costs of advanced diagnostic radiology services by as much as 45 percent below state fee/UCR, nationally on average. Additionally, OCM has helped its clients manage more diagnostic tests, impacting overall radiology costs. Due to these outstanding savings and increased network penetration, clients often choose One Call Medical as their exclusive/preferred diagnostic partner. To learn more about One Call Medical and its diagnostic radiology management services, please call Bill Colacurcio at 973-316-3718, or email: bill_colacurcio@onecallmedical.com.

About One Call Medical

One Call Medical, Inc. (OCM), the leading specialized Preferred Provider Organization, offers a nationwide network of fully credentialed high quality facilities and reduced cost for radiology and neurodiagnostic services. Our network includes coverage in all major metropolitan areas across all 50 states. One Call Medical customers realize significant cost savings, receive exceptional scheduling and medical report turnaround services and are confident in knowing that their patients obtain the best quality diagnostic testing in credentialed facilities. Our customers include the nation's leading Workers' Compensation and Group Health insurers, third-party administrators, as well as self-insured employers. More information about One Call Medical can be found at www.onecallmedical.com.