

RISK MANAGEMENT



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Taming the Online Frontier

The Value of Managing Diagnostic Claims *by Don Duford*

As the debate over health care reform continues, the challenge of managing diagnostic claims costs and quality have increasingly come to light. Risk managers must be aware of today's key diagnostic challenges and effective strategies to address them.

Advances in diagnostic radiology are revolutionizing the way disease and injuries are detected, diagnosed and treated. Imaging services such as magnetic resonance imaging (MRI) and computed tomography (CT) scans enable physicians to peer into a patient's anatomy with increasing clarity and exponential benefits for the field of medicine. Yet an unprecedented growth in the use of these technologies has created a huge spike in costs.

With a 20% annual growth rate, diagnostic radiology is now the fastest rising medical expense, increasing at twice the rate of prescription drugs and faster than overall health care spending. According to a report by the Association of Health Insurance Plans, almost \$100 billion a year is spent on imaging in the United States, and these costs are expected to double in just four years.

Currently, a significant portion of testing is performed by hospital imaging centers, which are high in quality, but also very expensive. These services generally cost 30% to 50% more than the rates charged by free-standing imaging centers.

Physician offices receive two-thirds of the money Medicare spends on imaging services. According to the Government Accountability Office, this dramatic increase is the result of physicians who "self-refer" patients for imaging performed on scanners they own or profit from. Self-referring physicians use imaging services as much as 3.2 times more often than physicians who referred patients to independent radiologists. In fact, studies show that 20% to 50% of imaging procedures should never have been performed. As such, risk managers may have programs that are overpaying for tests that are poor in quality or may not be medically necessary.

With the following guidelines, risk managers can ensure that their provider network is optimally managing costs, avoiding unnecessary utilization and ensuring patients receive tests from qualified providers:

Quality. A network must ensure providers adhere to quality guidelines established by associations like American College of Radiology (ACR).

Cost savings. A network specialized in diagnostic services can negotiate optimal rates. For example, network rates should be approximately 40% below state or national rates, on average.



Credentialing and qualifications. Providers in the network should undergo a rigorous credentialing process that meets or exceeds the National Committee for Quality Assurance standards, and uses the American Medical Association and National Practitioner Data Bank to verify professional credentials, licenses and memberships.

Accreditation and audits. ACR accreditation ensures that the physicians who are supervising and interpreting diagnostic imaging have met stringent educational and training standards. For facilities that are not ACR-accredited, the network should perform a sample film review to ensure quality test results.

Claims pre-screening. Utilization review can cost \$100 per diagnostic claim and in almost all cases the procedures are authorized. Today, a less expensive and more efficient pre-screening process can be utilized to ensure the basic necessity for a test using specific "appropriateness" criteria. If no flags are raised, these claims are automatically authorized. If the screening detects issues, claims are routed for full utilization review.

The recession has increased pressures on risk managers to rein in costs and positively impact profitability. Medical spending has always been a key concern and radiology is one of the few categories of care where risk managers can quickly and directly impact claims costs. With the right network, they can ensure utilization of only the best, most qualified radiologists. They can also ensure that patients consistently receive a quality exam and test interpretation, which promotes accurate diagnosis, effective treatment and quality care. ■