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Diagnosing What Works in Radiology

The use of advanced radiology is growing about 18 percent to 20 percent annually, so it pays to pick the brain of Kent Spafford, whose company handles 40 percent of all workers' comp-related diagnostic tests--about technology, data and cost savings.

By CYRIL TUOHY, managing editor of Risk & Insurance®

Editor's note: In February, our Managing Editor Cyril Tuohy had a talk with Kent Spafford, CEO of [One Call Medical Inc.](#), a specialized preferred provider organization that offers a nationwide imaging service for [workers' compensation](#), group health and auto insurance. The following is a transcript of some of what Spafford had to say.

There's no question that the introduction of technology into diagnostic imaging is critical and that companies must use technology if they want to stay competitive in this business. I have a background as a systems engineer, which has enabled me to see the value technology can provide in terms of solving critical business challenges. The connectivity and efficiency that technology delivers provides our company with a solid basis for success.

There are several things we could focus on in terms of technology. One is that electronic interconnection with customers and industry stakeholders has gone from nonexistent 10 years ago to today, where about 65 percent of diagnostic claims management is performed electronically.

THE VALUE OF TECHNOLOGY

The more interconnected you are with clients, the more accurate your data will be, the faster your transactions will occur and the lower the incidence of human error. If you communicate electronically, you're better able to assimilate data. For example, we help customers analyze data, identify problem areas and create effective solutions for managing diagnostic claims.

In workers' comp, patients often find themselves missing time from work while awaiting diagnostic tests and test results. The faster you can schedule a test with a quality provider and deliver the medical report, the better the end result. We realized that by cutting down the time between receiving a diagnostic referral to the time a patient is treated is critical to providing cost-effective claims outcomes.

We will receive 400,000 diagnostic referrals this year. If you look across the United States, temporary [disability payments](#) cost payers \$80 to \$100 a day, so if we can get a diagnostic test result back in five days rather than 10, the savings essentially amounts to the approximate cost of the test.

Typically, diagnostic referrals are received via phone call. Scheduling of tests and distribution of medical reports are usually handled via manual, paper-based processes. A significant amount of time is spent waiting for test results. So the question is: How do we ensure various stakeholders--including the treating physician, adjuster and nurse case manager--receive medical reports quickly, so they can they can make the appropriate treatment and claims decisions?

With our systems, from the time we receive a referral, to the time we deliver the medical report, the entire process is electronic; it's not touched by human hands.

And for us that's a differentiating factor. Putting that kind of technology in place, mind you, isn't cheap. We just implemented a huge upgrade to our systems. Because we're the largest provider of diagnostic radiology and neurodiagnostic tests to the workers' compensation industry, we're in an opportune position to afford to do this. With this new, sophisticated infrastructure, we achieve significant economies of scale, which make this type of project feasible. Not a lot of people in our industry have this capability.

One of the interesting challenges in our business is that we have thousands of different customers that use our services; from the large Tier-1 carriers using XML transmission to the small workers' comp payer who still relies on mail and fax. The challenge for us is to put technology in place that accommodates the wide breadth of technical capabilities out there, so we can effectively communicate with all our clients, and they can communicate with us.

We receive about two-thirds of our diagnostic referrals via phone call, and one-third of our referrals electronically. But once the diagnostic referral is initiated, more than 75 percent of our communication with customers is done electronically--without manual intervention.

THE HEALTHCARE DISPARITY

The advanced radiology--such as MRI, CT and PET scans--used today to precisely diagnose patients has exceeded anything I'd ever imagined when I first started in the diagnostic industry; the use of imaging technology has expanded dramatically, and the complexity of the technology has also grown by leaps and bounds.

But on the flip side, adoption of electronic medical records, where you see and share a lot of the patient's medical information, has lagged. Today, electronic recordkeeping is still less than 20 percent adoption. If the industry had a higher adoption rate, communication and the sharing of patient information would be much faster and more accurate, leading to better medical decisions. So you have the use of advanced imaging technology on one end of the diagnostic industry, and slow adoption of electronic medical records on the other end. The flexibility of our company's infrastructure helps to address this disparity.

As we know, [healthcare](#) is convoluted, and ultimately very localized. For the most part, healthcare is practiced according to how practitioners were taught in a particular medical school or geographic region. Now the Obama administration is looking to revolutionize electronic medical records and recordkeeping, and that can only be good news for a company like ours, which has recently undergone a \$10 million technology upgrade.

ADAPTABILITY, SNOW STORM AND ALL

Typically with referrals, we'll receive a call from the insurer asking us to set up a diagnostic test for an injured worker. In many cases, a job-related injury prevents the employee from immediately returning to work. We reach out to the patient and help schedule the exam at one of our high-quality imaging centers. The facility sends us the medical report, which provides accurate diagnostic information to help guide an appropriate treatment plan. Transmission of the medical report is electronic and highly efficient in terms of sharing patient information with all the right stakeholders. This data exchange is handled by our .NET framework, which

enables us to make infrastructure changes and utilize best-in-class, plug-and-play capabilities.

Old systems were hard-coded and required altering lines of programming code to make changes. From that perspective, we've built a secure and highly adaptable platform. For example, the snowstorm we experienced in the mid-Atlantic states last week shut down our East Coast call center, but our platform is so agile that our other two call centers handled all of our the activity.

Our .NET technology platform was first implemented in Feb. 2008. We spent the last two years fine-tuning this infrastructure and adding on new, more sophisticated capabilities. The recent snowstorms provided our first proof of concept in terms of the value and benefits of our upgraded platform. If we have brownouts in California, or ice days in Georgia, we can reassign the work to other parts of the country. It's a real comfort for me because it means I can sleep at night.

PROVIDER INTEL

We schedule about 400,000 diagnostic radiology scans each year. In fact, we handle about 40 percent of all workers' comp diagnostic tests in the U.S. market. We help payers identify and understand the percentage of their tests that are essentially "unmanaged."

These "unmanaged" tests result when patients are referred to facilities that are not part of a specialty diagnostic network. As a result, the insurer is going to pay a lot more than if they go to a network provider. We help steer patients to appropriate, high-quality facilities so insurers save money, as well as benefit from accurate diagnostic information. Whereas industry studies say that 30 percent to 50 percent of diagnostic tests are inaccurate or unnecessary, we have less than a 1 percent complaint rate on diagnostic scans.

A quality referral process requires a lot of information on providers, which we've accumulated through our provider credentialing process. With this provider data, we can distinguish and increase utilization of high-quality facilities. The idea is we're setting up a network of excellence, which identifies qualified providers who deliver accurate diagnostic information, quality patient service and the best possible price.

The value to the carrier is that we ultimately reduce the cost of the diagnostic claim. We deliver radiology scans at rates substantially below state fee schedules and usual-and-customary rates. The hard-dollar savings on diagnostic costs are immediate. An additional benefit is that accurate diagnostic information leads to appropriate treatment that gets the patient back to work sooner. That's a little harder to measure because it translates into money carriers don't spend, compared with what they would have otherwise spent if return to work had been postponed due to delays in testing, slow turnaround on medical reports or inappropriate treatment.

The other benefit in developing a network of excellence is we know that diagnostic tests are performed by high-quality providers. This is another factor that doesn't show up on a medical bill, but if you compare a claim with accurate diagnostic information versus a claim with inaccurate, low-quality diagnostic information--the cost difference can be huge.

THE OBAMA EFFECT

The reforms of the Obama administration are somewhat tangential to what we're doing but there is still some connection. We're trying to help our customers receive quality care, while controlling medical costs--and that's what healthcare reform is focused on. So whatever comes out of D.C. will fit our business model. Nobody, of course, knows what's going to happen in the end, but reforms will be aligned with our ability to cut costs and deliver care more efficiently.

The issue with utilizing analytics is that the analysis is only as good as the data you are using. We schedule about 2 percent of all MRI tests in the United States every year, and we have the results of those tests. In

addition, many workers' comp payers provide us with their radiology claims data.

By analyzing their diagnostic claims, we can help them understand where injured workers are being directed for scans and what the payer is being charged for those services. What we try to do with that information is to help payers direct more patients to lower cost and higher quality facilities.

Obviously, there are concerns with regard to patient privacy. Our operation is tightly monitored to ensure HIPAA compliance. It's also important to realize that data is not "information," unless you can mine and analyze it in order to improve future performance and decisions. This requires relatively sophisticated technology. The underlying .NET platform and Oracle databases we use offer industry-leading capabilities in diagnostic analysis and improved management.

The use of advanced radiology is growing about 18 percent to 20 percent annually, and diagnostic testing has become very important. If an employee is injured, one of the first things a treating physician will do is order a diagnostic test to determine what's wrong. So there's no question that diagnostic radiology will continue to grow for some time.

In the future, a key trend is transparency. Our technology enables us to make diagnostic referral patterns transparent to our customer base, so we can collaboratively work to improve their performance in diagnostic management.

This goes back to what we were talking about earlier. Advancements in technology are moving so fast. If you're not leveraging technology as a core strategy, then you're going to have trouble surviving as a business in the future. More and more business is conducted on the Internet.

An effective strategy must incorporate the Internet and blend it with other types of capabilities, such as advanced analytics, education and consultation. With our combination of technology and in-depth expertise, we're able to save clients more than \$150 million a year.

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