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Independent radiology practice, it's 2015. Do you know how your hospital sees you?

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The question in the headline is not open-ended and philosophical. It is multiple-choice and strategic, as any given hospital or multi-hospital system now inevitably perceives its contracted radiology practices as occupying ground in one of only three possible capacities.

The perception may remain unarticulated, but the conclusion is inescapable: Your hospital sees your practice as either its valued partner, its irksome competitor or one of its essentially invisible service suppliers.

The confluence of currents that led up to this present business reality, as well as its future ramifications, were fleshed out by William G. Pickart and Keith Chew in a presentation at the RBMA 2015 Radiology Summit Conference in Las Vegas in June. Both are executives with Milwaukee-based Integrated Radiology Partners (IRP), Pickart serving as CEO and Chew as a senior vice president. Chew also is president of the RBMA board of directors.

Pickart and Chew detailed how, in the past, a practice could sustain the relationship by remaining largely invisible to hospital leadership. If local conditions were right, it could even strike a deal to operate as a sometime competitor to the hospital. Neither of those identities is viable any longer, the two said. As market and regulatory forces pressure hospitals to transition from volume to value, and fast, hospitals are weeding out both competitors and ghosts among their contracted radiology groups.

"Our definition of a valued partner is a practice that teams with hospitals and their systems to strategically control costs, decrease medically unnecessary or otherwise inappropriate diagnostic and therapeutic services, provide ordering guidance to referring physicians, and assist in the implementation and continuous support of clinical decision-making," said Pickart.

From here on in—or very soon, and for every hospital and hospital system in the U.S.—only valued partners will make the cut.

Take steps now to become one, he said, or your competitors will soon be receiving an RFP.

Volume still matters

Chew outlined the mix of forces driving healthcare toward value-based delivery and payment models. He called out continually declining reimbursements, ever-rising costs of doing business and shifting payer mixes as Baby Boomers move to Medicare and health reform enrolls millions more in Medicaid. He also noted that case mixes are becoming more complicated as the health status of the population continues going from bad to worse.

"Ultimately, in a population health approach, you are worried about the care of the population—and not just today but five, 10, 15 years down the road," Chew said. "As part of all of this, you're going to see that preventive services, like low-dose CT lung screening and mammography, should increase in volume and in value."

He used lung cancer screening as an example. When the disease is detected at stage 2 rather than stage 4, he said, the savings to the system can top $175,000. Radiology can contribute to not only

capturing such value-creation opportunities but also to continue winning volume, albeit in a more strategic way in the past, Chew suggested. His example here was negotiating quality metrics.

"We're talking to a payer about basic metrics like turnaround times and medical necessity," he said. "The numbers are small, just 35 cents to 40 cents per member per month. But we're talking 246,000 members every month. That's over $1 million per year to do what we're already doing. If we can get that number from 246,000 to half a million, we can bring in $2.5 million a year at just about 40 cents per member per month for the work we're already doing for radiologists."

The more covered lives radiology can help bring into the hospital system, the more value the profession can rightly publicize down the road. "Hold onto [those covered lives] and get more of them," said Chew. "As you move into risk-based, that's the approach that is probably the most appropriate across the board."

Value is defined as quality divided by cost, he reminded. To offer a stronger value proposition to the hospital, a practice can increase quality, decrease costs or do both. "We have to look at the value proposition that is out there in healthcare to get to understanding what it means to be a valued partner."

As the healthcare economy continues to change, the immediate goal must be to develop quality metrics that will start off rudimentary and become progressively sophisticated. "After we are able to collect more and more data, and do deeper and deeper analytics, the quality metrics also will continue to change," Chew said. This will allow radiology to help "demonstrate the positive outcomes possible with population health."

Innovators excel

Pickart discussed the characteristics of radiology practices that IRP has seen position themselves as valued partners to their hospital and hospital-system customers. These include aligning with and supporting the hospital's mission and priorities, getting involved in the culture of the hospital via participation in committees and activities, and "telling your story"—meaning actively spotlighting radiology's vital role in achieving value-based healthcare.

"There will be a significant required change in the behavior of most groups to support [hospital] initiatives," Pickart said. "In addition, a valued partner improves clinical and service quality. For instance, we see valued partner practices provide greater subspecialized match to the procedure being read. We also see [valued-partner] groups providing double-blind peer review. The orientation to quality is documented and more noticeable than what we see in other groups. Lastly, they typically bring forth innovations in the protocol."

Pickart said IRP sees a parallel opportunity for radiology groups to create value by stepping up support for referring and ordering physicians.

"That's tricky," he said, "because we typically think of workflow in terms of being productive when processing reads. When radiologists get into education of the referring physician in this respect, [clarifying] utilization management and appropriateness issues—which shall occur more frequently as more of those programs are deployed in hospitals across the systems—it's taking your doctors offline. That's a real challenge, because they need to get through their production. However, the groups that are considered of the highest value are developing creative ways to provide this kind of support."

Hospitals value partners

Becoming a valued partner always and everywhere entails working toward continuous quality improvement and standardization of protocols, procedures, equipment, staff training, reporting, peer review and all else within the reach of radiology's influence, Chew said.

He added that groups must focus on cultivating their Tier 2 referrers, the ones who "send some of their stuff to you and some of their stuff to other" radiology practices. "This is where you can get into this whole idea of capturing lives by dealing and working with your referring physicians," he said. "Start doing that and your hospitals will love you."

"What I tell groups as we keep on talking about value-added partners is that it's a raise-all-ships philosophy," Chew continued. "If you can make the hospital the highest-valued provider of medical imaging services in their market, more people are going to come to that facility for services. If more people come to that facility for imaging services and you're providing professional radiology services, you'll see more business as well."

Chew further stressed the need to maximize the value of data captured in imaging studies. The goal, he said, should be to move beyond comparative analytics and into the realm of business intelligence.

Opportunities abound

Pickart closed with a series of questions:

- Is your strategic positioning designed to successfully meet the challenges of a healthcare industry transitioning to value as its lead success factor in terms of both reimbursement and survival?
- Is your practice building a business model rewarding quality of care, population health, outcomes and service satisfaction improvement initiatives?
- As you build the analytics capability, does the data indicate that your group is rightly positioned as a valued partner?

"The benefits to radiologists of being a valued partner are numerous," said Pickart. "Valued partners are given opportunities to provide support where the invisible groups and the competing groups are not. That leads to additional business and income opportunities for the group." Obviously this brings employment security.

"We have seen evidence supporting our belief, that becoming a valued partner brings improved patient care at lower cost, improved strategic engagement with the hospital C-suite and improved job satisfaction for the practice's radiologists themselves."