

ABSTRACT: 2019 ELAM Institutional Action Project

Project Title: Responding to patient and payer needs: creating and implementing a non-provider based outpatient imaging center at MCG

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Topic Category: Clinical

Background, Significance:

Augusta University Health System (AUHS), with Medical College of Georgia, is the only academic medical center in Augusta and only public medical school in Georgia. AUHS currently lacks any free-standing non-provider based outpatient imaging center. Having only provider-based (hospital-based) outpatient imaging means AUHS is unable to provide a low-cost option for outpatient imaging. Multiple trends in the market suggest that this is disadvantageous for AUHS. Consumers are increasingly price-savvy, with recent national Advisory Board data suggesting that 56% of patients search for out-of-pocket cost information before scheduling imaging exams. Payers are increasingly steering patients to lower-priced services available at non-provider based centers; steerage commonly includes cash incentives to patients. In Georgia, Anthem has announced that it will no longer reimburse for outpatient imaging performed in a provider-based setting as of spring 2020. CMS has implemented a new site-neutral payment policy reducing Medicare reimbursement for many hospital-based facilities. All these changes make higher-efficiency lower-cost outpatient imaging a necessity for maintaining acceptable operating margins.

Purpose:

To create a lower-cost outpatient imaging option within AUHS, thus attracting more price sensitive consumers and decreasing payer steerage away from our Radiology services.

Methods/Evaluation Strategy:

1. Present the goal to key stakeholders in organizational leadership, establishing a sense of urgency and gaining commitment
2. Explore potential business models and initiate market analysis
3. Choose and advocate for the best business model and present the proposal to senior leadership, gaining commitment
4. Utilizing market analysis, choose an optimal geographic site
5. Apply for a certificate of need for advanced imaging equipment
6. Execute a business plan to maximize operational efficiency and minimize start-up costs
7. Sustain momentum by frequent communications
8. Operational free-standing outpatient imaging center by Spring 2020, which offers value pricing, is branded as AUHS, growing in utilization, and receiving positive feedback from patients and referrers

Outcomes:

The compelling case for the need to create a free-standing outpatient imaging center was made to medical center leaders in summer 2018. Early market analysis and exploration of business model alternatives was undertaken in subsequent months. Formal presentation was made to the university President and Executive Cabinet in December, including a proposal to joint venture with a partner with experience managing free-standing imaging centers and to locate the new center in a specific geographic area. Approval came in January 2019. Letter of intent for the joint venture was finalized and the site narrowed to 3 potential plots of land in March. We expect to submit an application for certificate of need in spring 2019.

Discussion/Impact:

Implementing a free-standing outpatient imaging center will provide value to AUHS in multiple ways. It will enable us to better respond to consumer-driven needs for a lower-cost outpatient imaging option and decrease payer steerage away from our health system. We will incrementally expand our imaging services and thereby improve patient access. The new imaging center will operate more efficiently compared to hospital-based sites and enable us to manage costs for sustainability despite lowered reimbursement by governmental and private insurers.

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WHY DO WE NEED AN OUTPATIENT IMAGING CENTER?

Cost Savvy patients/payers + recent reimbursement changes

- High Deductibles**
41% of commercially insured workers have deductibles of ≥\$2000
- Consumerism**
56% of patients search for out-of-pocket cost information before scheduling outpatient imaging exam (Advisory Board 2016)
- Long-term Strategy of Most Major Health System**
Nearly 90% of health systems have off-campus imaging centers
- Insurance Led Steerage of Patients**
Payer steerage and Anthem's new outpatient imaging policy (Spring 2020)

Private Payer Steerage Efforts Intensifying

New Policies Compelling Programs to Reconsider Outpatient Strategy

1 Payers Providing Cash Incentives to Patients

Patients call, log on to website before undergoing scheduling select procedures

Payer provides patients with list of low-cost providers

If patient chooses lower cost provider, payer rewards with incentive

2 Anthem Denying Hospital-Based Imaging Services

Anthem considers care setting in CT, MR preauthorization, will deny hospital-based exams that do not meet strict criteria¹

Patients are pushed to "geographically accessible"² non-hospital based site for imaging exam

Example Incentive Programs

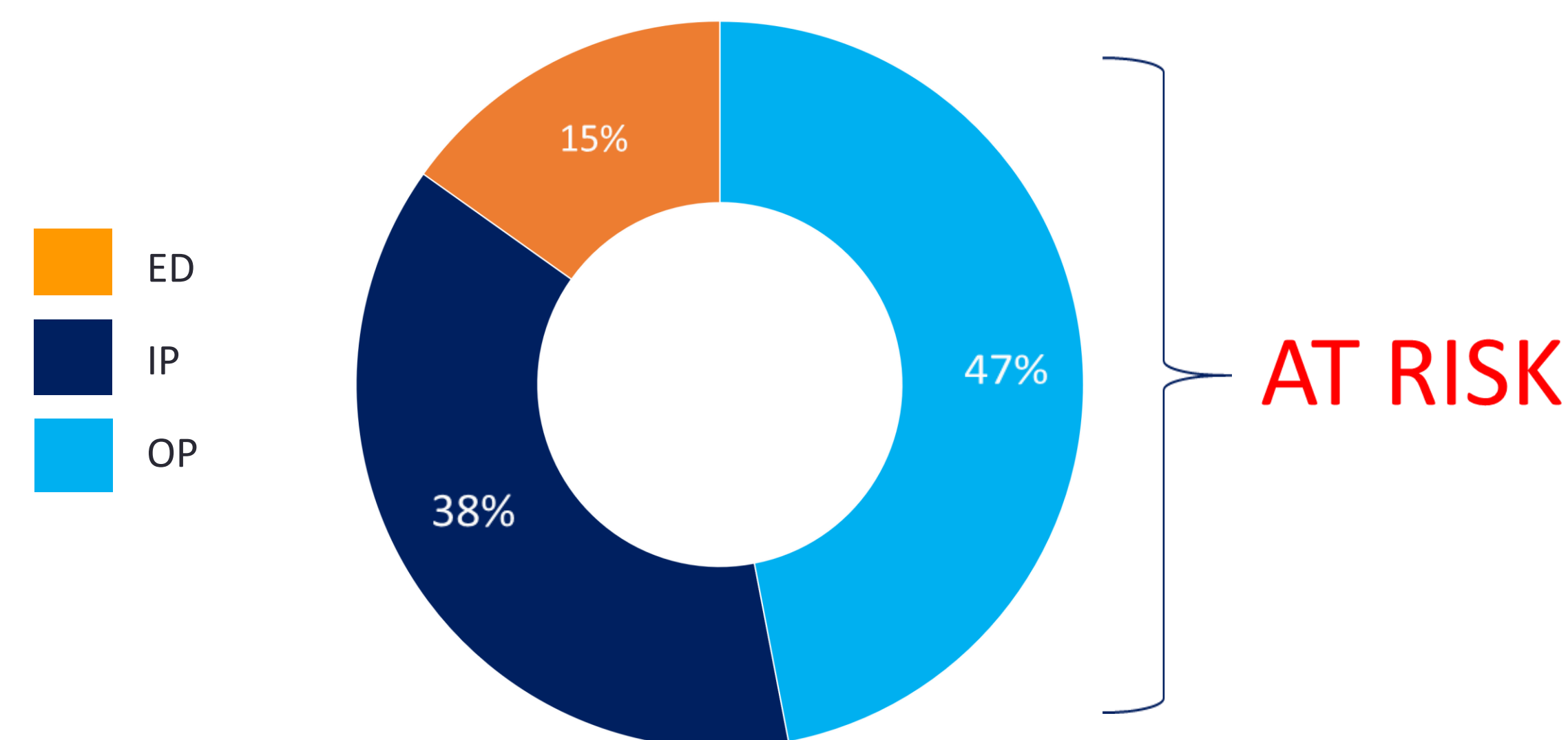
Program	Incentive
Anthem	\$50-\$200
Blue Cross Blue Shield of Massachusetts	\$250

- For full list of criteria refer to [Anthem's Clinical UM Guideline Document](#).
- Anthem does not define "geographically accessible"

Policy applies to **4.5 million enrollees** in **13 of 14 states** where Anthem operates

Source: Andrews M, "Some Insurers Paying Patients Who Agree to Get Cheaper Care," *Kaiser Health News*, March 26, 2012; Andrews M, "Need an MRI? Anthem Directs Most Outpatients to Independent Centers," *Kaiser Health News*, Sept. 26, 2017; Anthem "Clinical UM Guideline," Nov. 9 2017; Imaging Performance Partnership interviews and analysis

AUGUSTA UNIVERSITY RADIOLOGY SERVICES BY SETTING



Strategy → Invest in lower priced outpatient imaging while focusing on cost management to preserve sustainable margins

*View includes AU Internal numbers for the last 12 months

Presented at the 2018 ELAM® Leaders Forum

PURPOSE

To create a lower-cost outpatient imaging option within Augusta University Health System, thus attracting more price sensitive consumers and decreasing payer steerage away from our Radiology services

METHODS/EVALUATION STRATEGY

- Present the goal to key stakeholders in organizational leadership, establishing a sense of urgency and gaining commitment
- Explore potential business models and initiate a market analysis
- Choose and advocate for the best business model and present the proposal to senior leadership, gaining commitment
- Utilizing the market analysis, choose an optimal geographic site
- Apply for a certificate of need for advanced imaging equipment
- Execute a business plan to maximize operational efficiency and minimize start-up costs
- Sustain momentum by frequent communications
- Open an operational free-standing outpatient imaging center by Spring 2020, which offers value pricing and is branded as AUHS, growing in utilization, and receiving positive feedback from patients and referrers

OUTCOMES

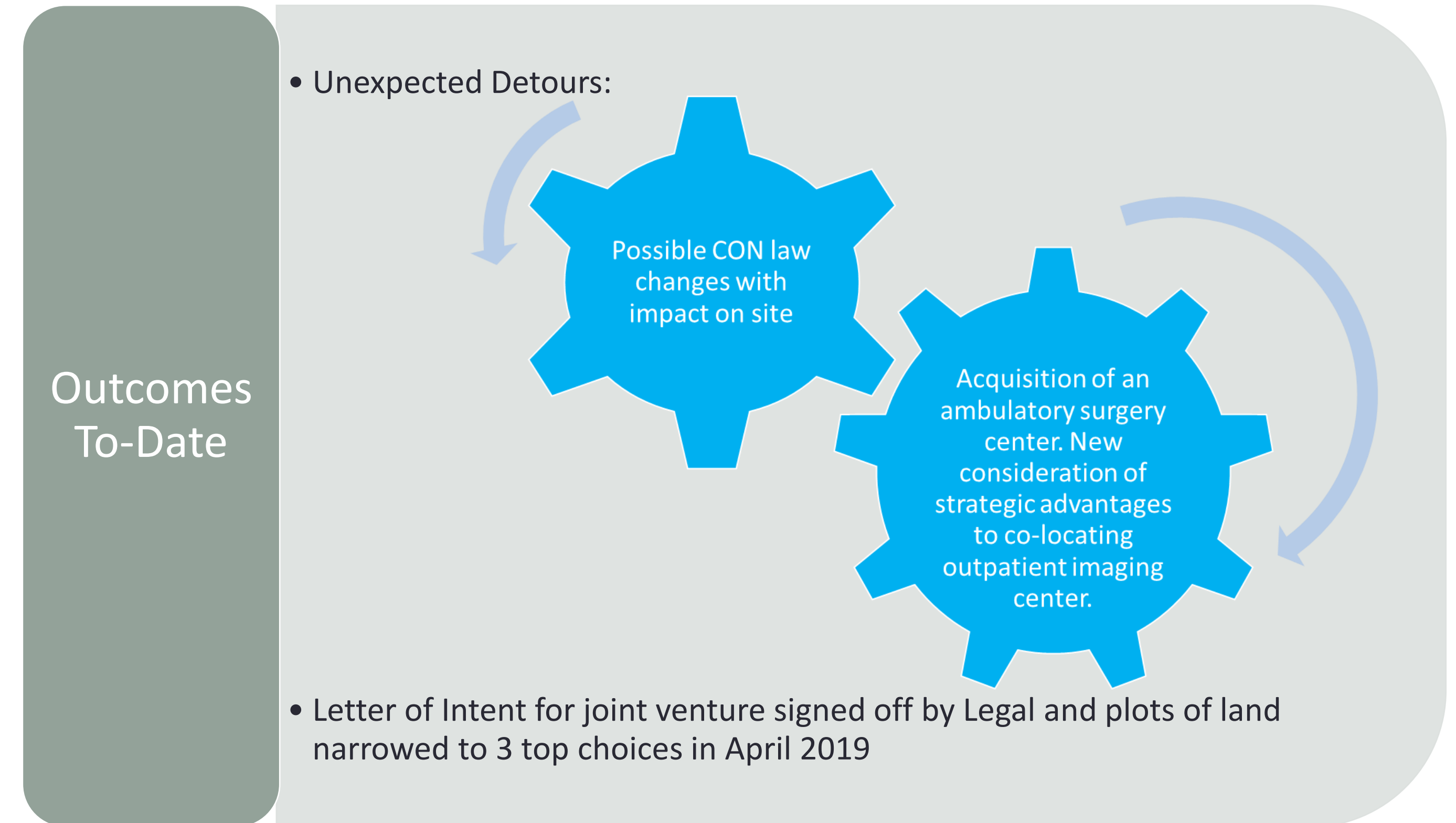
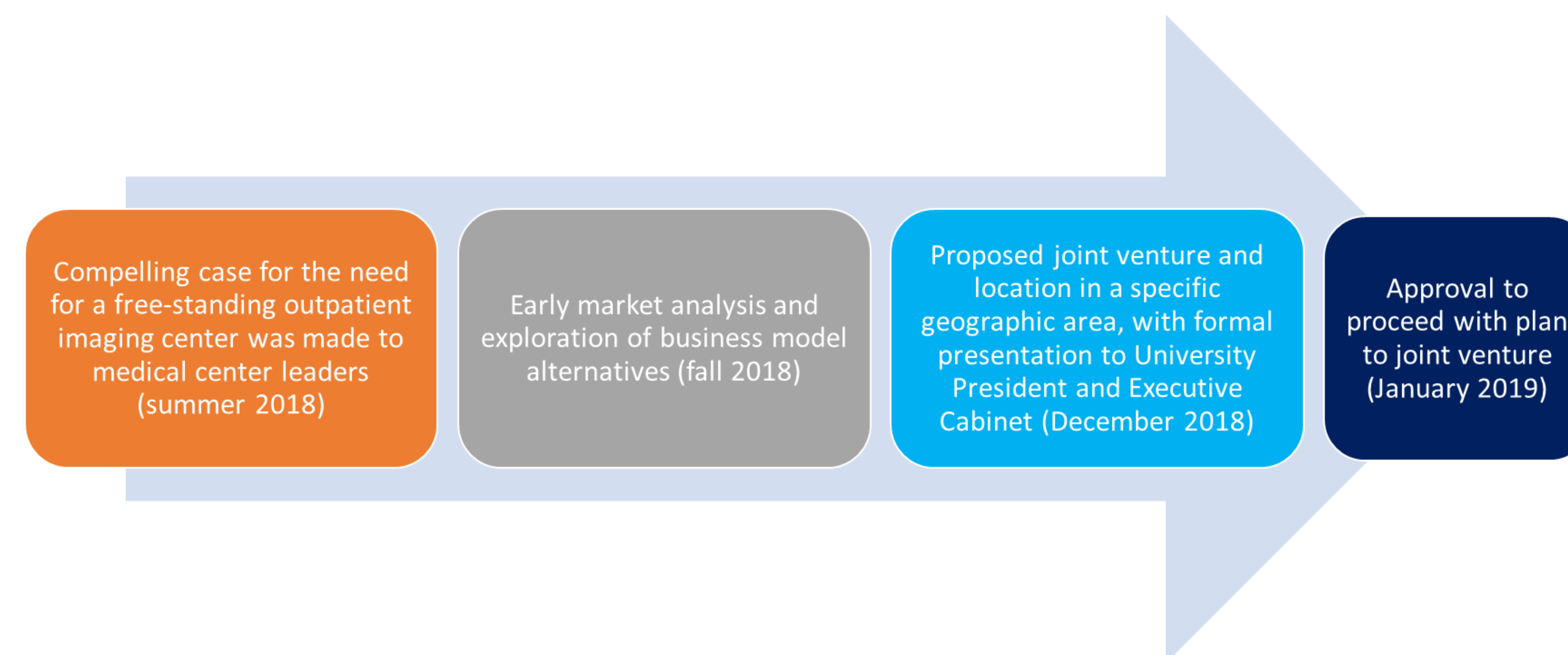
WHY A JOINT VENTURE MAKES SENSE FOR US

Barriers to Success

- Cost
 - Capital layout
 - Billing service performance
- Expenses
 - Equipment
 - Staff salaries
- Lack of adequate referrals
- Trailing the market (for Non-hospital locations)

Advantages of JV

- Bring capital and share risk
- Expertise in outpatient radiology
 - Preauthorization (1-2 day)
 - Coding and billing
- Experience in complex tradeoffs between buying and leasing equipment
- Size and nimbleness enable flexing of staff to tightly match patient volumes
- Retail approach
 - Aggressive marketing
 - Focus on patient convenience
 - Incentivize staff (center differentiates itself on service)
- Speed to market



FUTURE PROJECTIONS

- Finalize land choice and LOI with joint venture partner – April-May 2019
- Apply for CON for advanced imaging equipment – June 2019
- Architectural plan approval – June 2019
- Faculty compensation plan in place – November 2019
- Efficient imaging protocols agreed upon – December 2019
- Staff hired, administrative director hired and medical director named – March-April 2020
- Finished building with equipment in place – April-May 2020

DISCUSSION

Success in such a costly project undertaken within a complex academic medical center requires that the project leader must:

- Garner the support and engagement of key leaders
- Be aware of all external forces and internal initiatives that might impact the project
- Create contingency plans
- Sustain momentum
- Build strong, open relationships with collaborators

SUMMARY/CONCLUSION

