Radiology’s Squeeze from Insurance Companies

By Vikash Panghaal, MD, MBA [2]

Radiology groups face major hurdles from insurance companies, including the difficulty to negotiate and control patient referral.

Radiologists aren’t just feeling the squeeze from referring doctors. We’re also feeling it from health insurance companies.

Since starting at a small private practice radiology group, I have seen many hurdles that insurance companies place on physicians. Many of these hurdles either limit or prevent me from practicing good evidence-based medicine.

One hurdle was the inability to open up a radiology practice. Despite the high upfront cost of the radiology machines such as MRI and CT, I came out of training with a vision to save the world and help people get better. I had an entrepreneurial mind, and I felt that I could open up a radiology facility and do good work and make an honest living. Those aspirations quickly fell at the wayside. In the past, physicians would open up an office and put up their sign and patients would come in and obtain health care. My peers in other specialties are still able to do this, but it is very difficult nowadays for radiologists.

In today’s environment, certain physicians such as radiologists cannot open an office because health insurance companies have closed networks. The dream of being able to open an office has disappeared in radiology. It doesn’t matter where you trained or what type of service you can provide since we are at the mercy of the health insurance companies. Recently, Horizon Blue Cross Blue Shield has voided the contract on more than 50 imaging centers in New Jersey stating that they had too many centers in their network and needed to reduce them. Due to their increased power, it is difficult to fight against this.

Another hurdle I came across this year was the inability to negotiate with health insurance companies on reimbursement rates. In an ACR Bulletin article, called “In law we antitrust: should radiologists be concerned about antitrust laws?” Bill Shields, JD, LLM and Tom Hoffman, JD, CAE, described why it is illegal for physicians to collectively bargain. The authors mentioned that physicians are looked upon as competitors to one another, regardless of specialty, and that competitors cannot collectively bargain unless they are employees of a hospital or other such organization. It is interesting that physicians are the only occupation on which the FTC has placed this restraint. Why is it that teachers can collectively bargain? If physicians are competitors against one another, shouldn’t teachers or other professional groups be treated the same way?

Over the past few decades, the health insurance companies have become much stronger through mergers and acquisitions. In the area I practice there are three main private insurance companies, Blue Cross Blue Shield, Aetna, and United. My small radiology group has no bargaining power against the big health insurance companies. We have no choice but to take their low reimbursement rates. The only method of negotiating with insurance companies successfully is to stop taking their insurance. However, this is a gamble since there is no guarantee they will provide better rates and you may end up losing a lot of patients during the process.

The most difficult hurdle I faced this year was the inability of my colleagues who I made relationships with to send their patients to me. Although the referring physician trusted my radiology skills and wanted to send their patients to me, the insurance companies took control of where to send their patients to get their imaging even though I was in-network with the insurance companies. This is because radiology benefit management (RBM) companies have become the middleman between the health insurance company and the radiology facility. Insurance companies have essentially outsourced most or all of the imaging side of their business. RBMs now control where patients gets their imaging studies.

In the same ACR Bulletin, Brett Hansen addresses this topic in his article “Taking Back Imaging.” The article discusses why RBMs were created and how the ACR has dealt with them. The largest RBM is CareCore National which is the RBM for Aetna and Horizon Blue Cross Blue Shield. The method on how RBMs such as CareCore choose imaging facilities for patients is not published, although they...
state that it is related to where the patient lives.  
In my experience, there have been countless times where this method did not hold true and patients were directed to centers far away from their homes. With the formation of RBMs the relationship between radiologists and referring physicians has become less important. According to CareCore, patients still have the right to change the radiology facility location but it is cumbersome and time consuming. This places another limitation on the way I practice medicine and radiology. Not only do I have to demonstrate to referring physicians that I practice high quality care, I also have to deal with the middleman on when and who I can image.  
There needs to be reform in the field of radiology and the only way this can be done is if we, as a group of radiologists, take back radiology.  

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