

Radiology-group Financial Performance

Reimbursement pressure, the rising cost of infrastructure, and trends in payor mix are putting continued downward pressure on radiologist compensation.

Introduction: This third installment of the Imaging Market File tracks four key financial-performance measures over time: payor mix, receipts per unit of service, administrative-infrastructure expense, and total physician compensation (Figures 1–4). The dataset includes professional-component services only, billed by 112 hospital-based radiology groups ranging in size from eight members to 94 members; the groups are located in the Northeast, Mid-Atlantic, Midwest, Southwest, and Northwest regions.

The 2008, 2009, and 2010 datasets are actual performance numbers; the 2011 numbers represent actual data through June 2011. Multiple sources contributed to the dataset: Integrated Medical Partners, Dominion Medical Management, and Barrington Lakes Group (all of Milwaukee, Wisconsin) and Regents Health Resources and National Imaging Network (both of Brentwood, Tennessee).

In the table at right, which illustrates the varying levels of CMS reimbursement seen throughout the United States, Puerto Rico serves as the baseline. For every \$100 collected in Puerto Rico, this table indicates the amounts that would be collected in other locations (source: Integrated Medical Partners).

Table. CMS Reimbursement Variation by Locality

Reimbursement	State	Locality
\$100	PR	All
\$103.03	AR	All
\$103.06	NE	All
\$103.31	AL	All
\$103.36	IA	All
\$103.95	OK	All
\$104.05	SC	All
\$104.07	ID	All
\$104.13	TN	All
\$104.20	KY	All
\$104.25	ME	Rest of state
\$104.38	MS	All
\$104.43	NY	Rest of state
\$104.43	WI	All
\$104.56	MN	All
\$104.56	KS	All
\$104.61	IN	All
\$104.66	MO	Rest of state
\$104.71	LA	Rest of state
\$104.74	OR	Rest of state
\$104.91	NC	All
\$105.12	GA	Rest of state
\$105.30	SD	All
\$105.35	TX	Rest of state
\$105.40	ND	All
\$105.55	VA	All
\$105.58	WV	All
\$105.70	VT	All
\$105.83	TX	Beaumont
\$105.86	NM	All
\$106.06	UT	All
\$106.21	WA	Rest of state
\$106.34	MI	Rest of state
\$106.34	CO	All
\$106.37	PA	Rest of state
\$106.42	OR	Portland
\$106.44	IL	Rest of state
\$106.47	AZ	All
\$106.54	MO	Metro St Louis
\$106.62	TX	Fort Worth
\$106.65	TX	Austin
\$106.72	ME	Southern part
\$106.90	OH	All
\$106.90	MT	All
\$107.13	VI	All
\$107.18	TX	Galveston
\$107.18	MO	Metro Kansas City
\$107.46	WY	All
\$107.49	NH	All
\$107.54	GA	Atlanta
\$107.56	TX	Brazoria
\$107.59	LA	New Orleans
\$107.59	MA	Rest of state
\$107.87	TX	Dallas
\$108.30	DE	All

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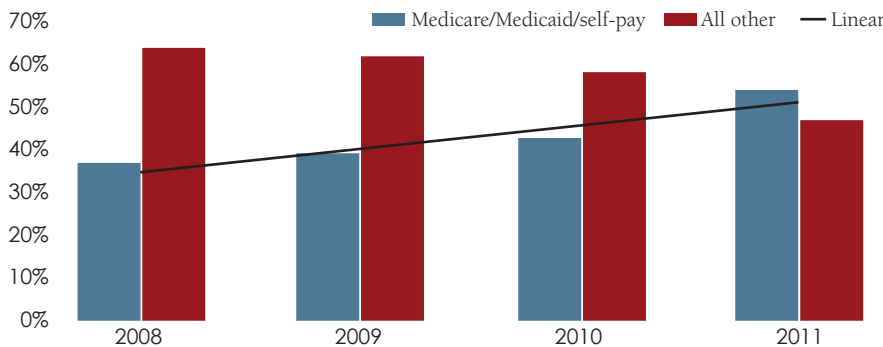


Figure 1. Medicare/Medicaid/self-pay trends, tracked over time, show that government and patients are responsible for an increasing percentage of health-care costs, while the share borne by all other payors (including private payors and business) is on the decline. Factors fueling the increase in total share are the aging of the population, higher deductibles, and high unemployment.

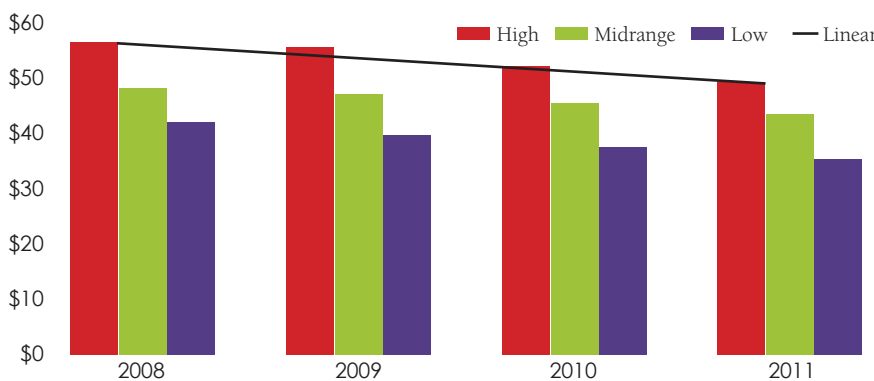


Figure 2. Payment per unit of service has decreased due to a number of factors (including regulatory changes and shifts in modality mix and payor mix), forming a trend that is likely to continue. Direct hits to the professional component have been proposed through the Medicare Physician Fee Schedule for 2012.

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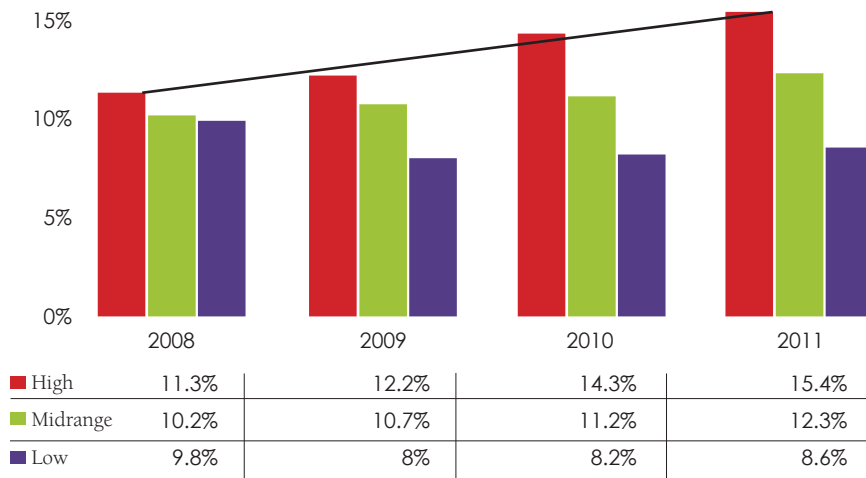


Figure 3. Administrative-infrastructure costs, as a percentage of net revenue, have increased steadily, over the past four years, as net receipts have declined. Personnel salaries, benefits, and technology are among the factors driving up administrative expenses, which also include postage and supplies.

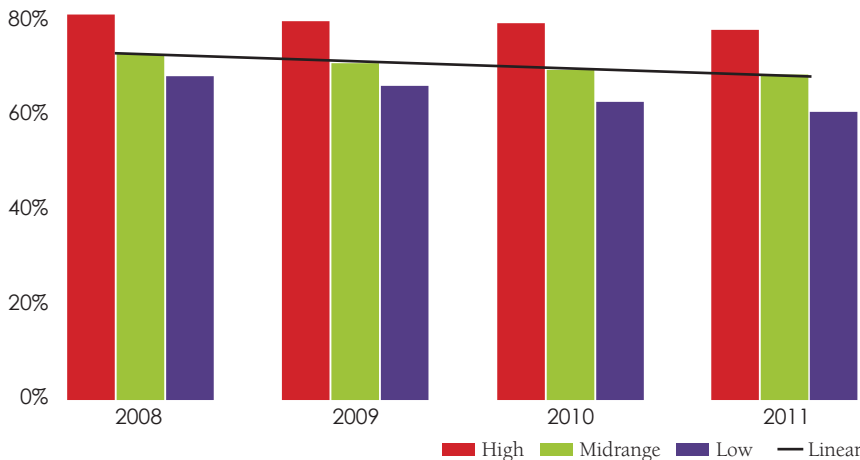


Figure 4. Total physician compensation, as a percentage of receipts, has eroded in direct proportion to decreases in reimbursement and increases in administrative-support infrastructure; these converge to create their impact on available revenue and distributions to partners.

Table. CMS Reimbursement Variation by Locality (continued)

Reimbursement	State	Locality
\$108.38	TX	Houston
\$108.76	FL	Rest of state
\$109.07	NV	All
\$109.09	IL	East St Louis
\$109.24	CA	Rest of state
\$110.26	MA	Rest of state
\$110.29	NY	Poughkeepsie/Northern New York City suburbs
\$110.85	RI	All
\$110.98	WA	Seattle/King County
\$111.74	MD	Baltimore/surrounding counties
\$112.20	HI	All/Guam
\$112.38	FL	Fort Lauderdale
\$112.83	IL	Chicago suburbs
\$113.06	PA	Metro Philadelphia
\$113.17	MI	Detroit
\$113.62	NJ	Rest of state
\$114.69	IL	Chicago
\$115	CT	All
\$115.25	MA	Metro Boston
\$115.86	CA	Los Angeles
\$115.99	CA	Ventura
\$116.32	FL	Miami
\$116.68	CA	Marin/Napa/Solana
\$117.47	CA	Anaheim/Santa Ana
\$117.55	NJ	Northern part
\$117.70	DC	District of Columbia/suburbs
\$118.16	CA	Oakland/Berkeley
\$119.02	NY	Queens
\$120.35	NY	Manhattan
\$120.55	NY	New York City suburbs/Long Island
\$120.63	CA	Santa Clara
\$122.99	CA	San Francisco
\$123.35	CA	San Mateo
\$145.63	AK	All

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