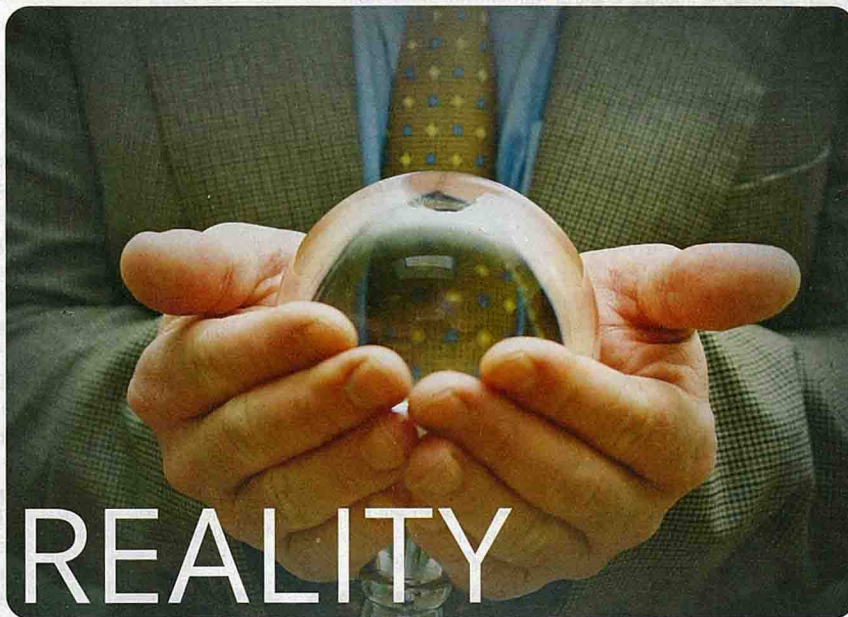


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| EXAMINE | Teleradiology |



The REALITY of a Recession

Economy makes
the future of teleradiology
a tough read

By Joe Mook

OVER THE PAST COUPLE OF MONTHS, THE ECONOMIC CLIMATE HAS IMPACTED NEARLY EVERY INDUSTRY IN THE U.S.: and although consumer-focused and discretionary industries were the first and hardest hit, the healthcare industry is not immune to the negative economic impact.

The economy is forcing hospitals and healthcare groups to tighten budgets in a number of areas, eliminating or reducing the number of outsourced programs and services these organizations have become so dependent on in recent years.

More recently, these cuts have started to trickle down into teleradiology, an industry that has experienced unparalleled demand and success in the past decade.

THE RISE OF TELERADIOLOGY

With the increased demand for imaging procedures and a declining number of radiologists in the U.S., hospitals and radiology groups were struggling to keep up with demand. Since coming onto the scene around the millennium, teleradiology was a welcomed answer, and for good reason – the ability to remotely send, read, and diagnose digital images quickly and accurately is a phenomenon that solved staffing problems for smaller hospitals, increased quality

of life for overworked radiologists, and met patient needs in ways never before thought possible.

Teleradiology provided high-quality, board-certified radiologists to rural areas and community hospitals who otherwise may not have been able to recruit a sufficient number of radiologists. These after-hours providers also provided subspecialty experts to groups who did not have enough volume to justify fellowship-trained experts in every field.

What's more, increased bandwidth in recent years allowed for even faster transmission of images and has driven the success and popularity of the practice even more.

Beyond teleradiology's popularity among hospitals and radiology groups, radiologists were being drawn to the profession due to a more standard schedule and the ability to specialize in specific areas. The access to a larger radiologist pool legitimized the reputation of teleradiology and added to its demand.



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TELERADIOLOGY TAKES A HIT

In early 2008, demand for teleradiology services was strong. Radiology groups were seeking after-hours and weekend coverage so that they could improve their quality of life outside of the hospital, reduce costs, or improve the quality of coverage. Many groups were concerned with pricing and would often call around to get quotes, but few questions were being asked about quality, radiologist credentials, service, etc. With the souring of the economy, pricing is still a key issue among radiology groups; however, the cost of partnering with a poor teleradiology company seems to have outweighed those savings.

There have been significant changes in teleradiology needs and requirements from groups in the past year, and differences have begun to emerge in the needs of smaller and larger radiology groups. Larger groups seem to be taking more steps to reduce costs, which means eliminating or amending existing teleradiology coverage. Larger groups tend to have several associates or partners looking to supplement their income by taking call during the evening hours. Instead of going home at 5 or 6 p.m., radiologists are electing to take call until 10 or 11 p.m., which can save the group money by paying the on-call radiologist less than what a teleradiology provider would charge. It is unclear, however, how this strain affects the performance of the onsite radiologist the following day, especially if they have to be back at the hospital at 7 a.m.

Smaller groups, on the other hand, continue to increase utilization of teleradiology to protect their lifestyle, as they typically have fewer associates who need additional capital and tend to have more financially stable partners. Rural hospitals are sending studies earlier in the night and are even looking for daytime coverage. It is actually easier and less expensive for them to employ teleradiology providers than to try and utilize locums or hire additional group members.

While offering group members the ability to moonlight within their own group can improve the stability of its members, it can be difficult for teleradiology companies to efficiently staff radiologists when groups change start times on a day-to-day basis. Larger groups can send enough work for a full-time equivalent radiologist, but if they start at 7 p.m. one night and 11 p.m. the following night, it can create over- or understaffing issues within the teleradiology provider. This can affect turnaround times greatly, so it is important that teleradiology providers and groups keep in constant communication.

Another factor that is greatly affecting some radiology groups is overstaffing. Some partners have delayed retirement plans due to declining values in retirement investments. Unfortunately, many groups had already planned for retirements and hired new replacement radiologists, leaving them overstaffed. Other times, radiologists who had planned to go part-time elected to stay on full-time, causing the same issue. This has prompted some groups to internalize after-hours call, though it can prove to be difficult to maintain coverage in the long term.

Beyond onsite staffing changes, the number of radiologists that are looking for full-time teleradiology work or part-time work to supplement their income is also increasing steadily. Even teleradiology companies who do not post open positions are receiving unsolicited CVs for radiologists hoping to find open positions.

FUTURE IMPACT ON TELERADIOLOGY

It's difficult to predict the future, especially in unstable economic times. It does appear that the coming year will bring teleradiology staffing trends, similar to 2008, but with a greater focus on quality

of reads. Miss rates, turnaround times, lack of customer service, and inaccessibility of radiologists have become a burden on ERs at a time when they need to streamline patient care the most.

Hospitals and radiology groups continue to struggle with strained and depleted budgets, which have forced them to negotiate lower rates for teleradiology services, but with teleradiology providers competing more fervently for less business, groups are able to both drive down cost and be more selective with their providers. Teleradiology companies with a focus on the quality of service seem to be taking more market share and will be the strongest competitors.

There's no doubt that it's a very interesting time to be in teleradiology. No matter the economy, digital imaging needs of patients are not going away, and they cannot be ignored. The increased number of imaging procedures and advances in subspecialty reading needs will make it very difficult for onsite radiologists to completely fulfill patient demands without the assistance of teleradiology.

The good news is that, although the health industry is not immune to the recession, it may just be one of the first industries to recover. Older radiologists will be able to retire, younger radiologists will select full-time positions, and nearly everyone will stop looking for part-time work. At that time, the need for digital reads and teleradiology providers will increase dramatically, and teleradiology will reclaim a leading role in the industry.

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