

Special Bulletin



BlueCross BlueShield
of Alabama

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October 2005

BS 2005-15

To: All Preferred Medical Doctors

Subject: Alabama Imaging Utilization Exceeds National Trends

Much has been written nationally about the unprecedented rise in utilization of outpatient diagnostic imaging. A \$100 billion industry, the cost of diagnostic imaging is one of the fastest growing segments in healthcare accounting for 15 percent of all healthcare payments.

On March 4, 2005, the *Birmingham Business Journal* published an article describing the addition of the 86th accredited imaging facility in Alabama as a "national booming industry." Currently, there are 90 accredited Magnetic Resonance Image (MRI) facilities, 37 accredited Computerized Axial Tomography (CT) facilities, and 17 Positron-Emission Tomography (PET) facilities. Many more applications for accreditation have been submitted to the American College of Radiology (ACR). Each of these exceeds national and regional state averages.

Owners of high cost diagnostic equipment such as PET scans, CT scans and MRIs in Alabama have capitalized on the increased demand for imaging services. For example, the charge for a single PET scan can exceed \$3,000.

The number of diagnostic images submitted for reimbursement to Blue Cross and Blue Shield of Alabama has risen by the following numbers and percentages since 2002:

Study	2002	2003	2004	2005 (year to date)	Percent Increase
CT Scans	171,639	217,115	255,990	281,156	64%
MRI	133,359	163,535	192,271	207,243	55%
PET Scans	121	1039	1438	6,560	5,321%

This data is based on paid utilization by Alabama providers only. Hospital, Medicare and C Plus utilization is not included in these numbers nor do they include secondary claims.

Alabama's exceptional rise in utilization has not gone unnoticed nationally. James P. Borgstede, MD, chair of the American College of Radiology Board of Chancellors, was recently quoted as saying that "I would think Alabama insurance companies are about ready to stroke." He also added, "If left unchecked the proliferation of imaging services offered by non-radiologists is going to break the bank of the healthcare system."

A significant contributing factor in the rise in imaging production is the proliferation of non-radiologists acquiring imaging equipment. Many doctors are installing imaging equipment, sometimes previously used, in their own facilities outside the hospital.

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450 RIVERCHASE PARKWAY EAST • BIRMINGHAM, ALABAMA 35244

The same physician who orders the diagnostic image also performs the scan and interprets the results. Self-referring physicians order two to eight times as many scans as other doctors, according to David Levins, National Director of HealthHelp, a radiologist management company.

Patients also contribute to higher utilization by requesting diagnostic imaging to relieve anxieties about their health. Studies have found overuse of diagnostic imaging and duplication of other types of scans add little or no value. A National Imaging Associates (NIA) audit concluded that 30-40 percent of diagnostic imaging is inappropriate or, at best, non-contributory and did not assist in diagnosis determination.

Certainly, advances in medical technology have produced important health and costs benefits. However, inappropriate medical imaging is a serious quality of care issue as well as an economic one. Unnecessary or inappropriate tests not only cause excess expenditures, but also clearly expose patients to greater radiation risks.

It is crucial that health care providers and Blue Cross address the excessive rise in “inappropriate” diagnostic services while ensuring that patients have appropriate access to medically necessary procedures.

We ask that all Preferred Medical Doctors (PMD) evaluate their current imaging prescribing protocols to ensure that only those necessary are performed. During the fourth quarter of this year, all PMDs will receive specific information as to how Blue Cross intends to address these issues. You can expect to see changes to the current Preferred Radiology Program (PRP) guidelines in the following areas:

- Medical necessity
- Physician ownership/self-referral
- Quality assurance standards
- Requirements for new technology

The objective of the PRP changes will be to raise the level of quality for medically necessary images performed within our PMD network and to identify and direct our members to the highest quality, most cost effective providers.