

Imaging Costs Going Up, Insurers Cracking Down

BY JOYCE FRIEDEN

Associate Editor, Practice Trends

As the public focuses on problems with the safety and cost of prescription drugs, insurers are training their sights on a different cost issue: imaging procedures.

On average, costs of imaging—especially high-tech procedures, such as MRI, CT, and magnetic resonance angiograms—have been going up 20% a year for the last several years, according to Thomas Dehn, M.D., cofounder of National Imaging Associates, a radiology utilization-management firm in Hackensack, N.J.

“Some will say it’s the aging of the population, but the key issue is really demand,” said Dr. Dehn, the company’s executive vice president and chief medical officer. “Patients are bright. They’re good consumers. They want a shoulder MRI if their shoulder hurts.”

Physician demand is also an important part of the equation, he said. “If you have physicians who want increased [patient volume] in their offices, it is possible that rather than spending cognitive time, for which they’re poorly reimbursed, they may choose to use a technical alternative.”

For example, a doctor trying to figure out the source of a patient’s chronic headaches “may get frustrated and refer the patient for an MRI of the brain, just to show them they’re normal,” Dr. Dehn said. “The treating physician knows in the back of his mind that there isn’t going to be anything [there], but it will calm the patient down.”

As to which physicians are responsible for the increase in imaging, the answer depends on whom you ask. The American College of Radiology contends that the growth is largely due to self-referral by nonradiologists who have bought their own imaging equipment. But others say that all specialties are doing more imaging, largely because of improved technology and the improvement in care that it brings.

Whatever the reason that more scans are being done, insurers have decided they’ve had enough. Take Highmark Blue Cross and Blue Shield, a Pittsburgh-based insurer whose imaging costs have risen to \$500 million annually in the last few years.

One Highmark strategy for paring down its imaging costs is to develop a smaller network of imaging providers. To be included in Highmark’s network, outpatient imaging centers must now offer multiple imaging modalities, such as mammography, MRIs, CTs, and bone densitometry.

“We were seeing many facilities that were single modality—just CT or just MRI,” said Cary Vinson, M.D., Highmark’s vice president of quality and medical performance management. “They were being set up by for-profit companies

to siphon away high-margin procedures from hospitals and other multimodality freestanding facilities. We were seeing access problems for referring physicians because the single modality centers were outcompeting the multimodality centers, and they couldn’t keep up.”

In addition to credentialing the imaging centers, Highmark is going to start requiring providers to preauthorize all CT, MRI, and PET scans. At first, while everyone adapts to the new system, the preauthorization procedure will be voluntary and no procedures will be denied. But eventually—perhaps by the end of this year—the preauthorization will become mandatory, Dr. Vinson said.

Harvard Pilgrim Health Care (HPHC) of Wellesley, Mass., is taking a slightly different approach. Instead of mandatory preauthorization, HPHC is using a “soft denial” process in which physicians must call for imaging preauthorization but can overrule a negative decision.

“We made a decision based on our network being a very sophisticated, highly academic referral environment, that a hard denial program might not be best way to go,” said William Corwin, M.D., the plan’s medical director for utilization management and clinical policy. “Instead, we elected to use a more consultative approach.” The program started in July, so no concrete results are available yet, he noted.

Plans that start a preauthorization program must first figure out who should be authorized to perform scans. At Highmark, the plan tried to be as inclusive as possible, Dr. Vinson said.

“In some cases within a specialty, we tried to determine who was qualified and who was not,” he said. “For instance, for breast ultrasound, we listed radiologists, but we also included surgeons with breast ultrasound certification from the American Society of Breast Surgeons.”

Highmark ran into a turf battle as it tried to credential providers. The American College of Cardiology and the American College of Radiology “definitely have differences of opinion about who’s qualified and who’s not” when it comes to cardiology-related imaging exams, Dr. Vinson said. “Highmark took the approach of accepting either society’s qualifications. They clearly wanted us to decide between the two, and we would not do that.”

To design their preauthorization programs, both Highmark and Harvard Pilgrim worked with National Imaging Associates, which now has “more than two dozen” clients nationwide and is active in 32 states, according to Dr. Dehn.

He predicts that at least one more specialty will come into the picture, as more and more molecular imaging is being done to design tumor-specific antibodies. “You may have immunologists who are doing diagnostic imaging,” he said. ■

One insurer is developing a smaller network of providers that offers multiple imaging modalities, such as CT, MRI, and bone densitometry.

POLICY & PRACTICE

Child Well-Being Index for 2005

Violence and risky behaviors among children, such as teen birth, smoking, and use of alcohol and illegal drugs, have declined dramatically during the last 30 years, but high obesity rates are problematic, according to the 2005 Index of Child Well-Being released by the Foundation for Child Development. The overall child-health score in 2003 was 17% below 1975 levels, mainly because of obesity. “It took a generation for overweight and obesity to reach these extreme levels, and it’s going to take at least a generation to turn those levels back,” said Kenneth Land, Ph.D., developer of the index and a sociologist at Duke University. In the meantime, violent crime has dropped by more than 64% since 1975, and childhood victimization from violent crime has fallen by more than 38%. Those percentages may rise again, however, as “a strong national economy and increased federal funding for community policing are no longer in play,” Dr. Land said. Births to teenage mothers have dropped by nearly 37%. Smoking continues to decline, but the rate of binge drinking increased slightly, from 27.9% in 2003 to 29.2% in 2004, the study found.

Public Mental Health Spending

The percentage of mental health and substance abuse services paid for with public funding is increasing, according to a study by Substance Abuse and Mental Health Services Administration (SAMHSA). Public sources paid for 63% of mental health spending in 2001, up from 57% 10 years earlier. Similarly, the percentage of substance abuse treatment paid for by public sources rose from 62% to 76% over the same period, the study found. Public spending includes Medicaid, Medicare, and spending by all levels of government—federal, state, and local. “Overall, we have seen a decline in inpatient spending and a shift to publicly financed care,” said SAMHSA administrator Charles Curie. “As we continue to work to improve the community-based services available to people in need, it is clear the public sector is now the major financial driver.”

Zyprexa Patent Upheld

A U.S. District Court upheld the patent held by Eli Lilly & Co. on olanzapine (Zyprexa), an antipsychotic drug that accounts for about one-third of Lilly’s revenue; net sales in the United States were \$2.4 billion in 2004. Two generic drug makers, Ivax Corp. and Teva Pharmaceuticals Industries Ltd. argued that the patent for the drug should never have been issued because Zyprexa was already covered by another patent. Lilly, however, contended that its drug was different from previously patented medications. The judge dismissed all claims against Lilly, noting among other findings that “defendants have failed to prove by clear and convincing evidence that anyone associated with the prosecu-

tion of the [Zyprexa] patent misrepresented or concealed ... information with an intent to deceive the Patent and Trademark Office.” Ivax officials expressed disappointment with the ruling. “Ivax continues to strongly believe that the Zyprexa patent is invalid and we immediately intend to aggressively pursue all remedies available to us, including appealing this decision to the U.S. Court of Appeals,” the company said in a statement. But Lilly officials hailed the ruling, saying it “sends a clear message on the strength of” the patent.

Preventing Teen Substance Abuse

School-based social skills programs are the best way to reduce substance abuse in adolescents, a Cochrane Review report found. The authors looked at 32 reports and classified the results based on the sorts of interventions used. They found three main types of intervention: increasing students’ knowledge of the damaging effects of drugs; building self-esteem to prevent teens from using drugs to feel socially accepted; and peer-based social skills training that included strong role models and equipped people with the skills to “say no” to drugs. “Programs which develop individuals’ social skills are the most effective form of school-level intervention in preventing early drug use,” says Fabrizio Faggiano, M.D., professor at the University of Piemonte Orientale, Novara, Italy. “Applying this program at a school level would prevent 1 out of 5 new initiators, which corresponds to a 20% decrease in the prevalence of drug use.”

Uninsured Projections

The plight of the uninsured isn’t likely to be resolved anytime soon. More than 1 in 4 American workers under the age of 65 will be uninsured in 2013—nearly 56 million people—driven by the increasing inability to afford health insurance, reports a Health Affairs Web-exclusive article. Because growth in per capita health spending is expected to outpace median personal income by 2.4% every year, health care coverage will continue to decline, because more Americans will find it unaffordable. “It is unlikely that we will be able to solve the problem of the uninsured without some form of universal health insurance requiring contributions from some combination of employers, employees, and taxpayers,” the study said. Children have fared slightly better than adults, mostly because of coverage afforded by the State Children’s Health Insurance Program. The researchers estimated that for every 1% increase in the percentage of uninsured adult workers from 1979-2002, there was only a 0.45% increase in the percentage of uninsured children. The researchers based estimates of the uninsured on federal projections of health spending, personal income, and other population characteristics.

—Joyce Frieden