

The High Cost of High-Technology Imaging

How to ensure health care quality without jeopardizing affordability is at the crux of the debate over the rapid development and use of high-technology imaging (CT Scans, MRI's, etc). Diagnostic imaging is one of the fastest growing segments of medical cost, accounting for 10% – 15% of total health care spending:

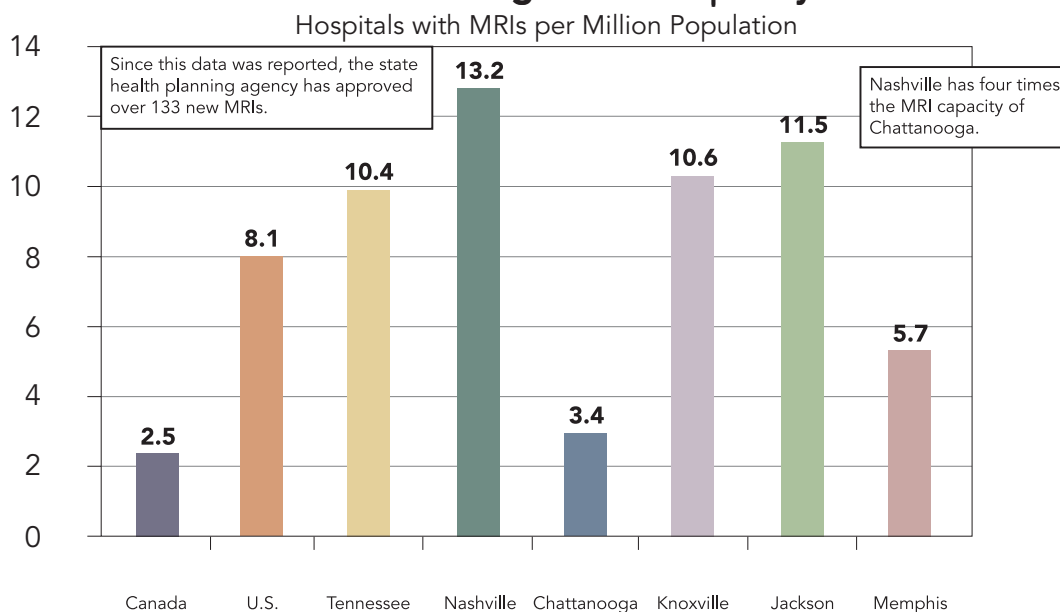
- \$100 billion worth of imaging exams are performed every year in America.¹
- Health plans' radiology costs are growing by 18% to 20% annually.² Meanwhile, health plans' prescription drug costs are increasing on average 10%.
- Within the practice of diagnostic imaging, high-technology devices account for just 20% of procedures yet account for 60% of total costs and 75% of medical inflation.
- The number of high-technology imaging procedures grew from 281 million in 2000 to 401 million in 2005—a 42% increase.³
- The number of outpatient diagnostic imaging centers increased 38% between 2001 and 2005.⁴

A Local Perspective

Trends in spending for high-technology imaging in Tennessee reflect what is taking place on the national stage. In some cases, radiology spending in the Volunteer State even exceeds national averages.

- Between 1999 and 2005, total imaging costs for BCBST members increased from \$4.18 per member per month (PMPM) to \$12.71 PMPM. This represents a total increase of 204%.⁵
- Meanwhile, medical inflation increased roughly 17.2%.⁶
- Average BlueCross BlueShield of Tennessee PMPM costs increased 26% annually between 2001 and 2004 as a direct result of high-technology imaging expenses. Low-tech imaging costs increased PMPM costs by 18% annually over the same period of time.⁷
- Tennessee has five times the per capita MRI capacity of Canada.⁸
- On average, the United States has fewer hospitals with MRIs per million people—8.1 facilities—than the state of Tennessee, which has 10.4 hospitals with MRIs per million people.⁹

Tennessee High-Tech Capacity



Source: 2001 Area Resource File; OECD Health Data 2001.

(continued)

Does High Cost Mean High Quality in Diagnostic Imaging?

Unlike hospitals, many outpatient imaging centers and medical offices do not have formal and comprehensive quality review programs. A recent review by a Massachusetts health plan found that of the more than 1000 outpatient imaging centers inspected:

- 31% failed to meet the criteria for privileging.
- Of those that failed, 11% did so with “fundamental and serious deficiencies.”
- Deficiencies included:
 - o Practicing without a state certificate of radiation control
 - o Failure to perform annual calibration of equipment
 - o Lack of basic radiation safety

Also troubling is data from another study that show that, among a group of patients who had repeat whole-body CT scans because of positive findings, less than 2% had the suspected disease.¹⁰

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1. MedSolutions Web site. <http://www.medsolutionsinc.com>.
 2. MedSolutions Web site. <http://www.medsolutionsinc.com>.
 3. “Increasing Efficiency and Information-Sharing.” Medical Cost Reference Guide, BlueCross BlueShield Association, 2005, p. 46.
 4. “Increasing Efficiency and Information-Sharing.” Medical Cost Reference Guide, BlueCross BlueShield Association, 2005, p. 47; and Verispan, 2005.
 5. BCBST Data Warehouse.
 6. Bureau of Labor Statistics.
 7. Mark Austin. *Strategies for Managing High- Tech Imaging Costs*. BlueCross BlueShield of Tennessee, Presented February 2006.
 8. 2001 Area Resource File; OECD Health Data 2001.
 9. 2001 Area Resource File; OECD Health Data 2001.
 10. DK Verrilli. “Design of a Privileging Program for Diagnostic Imaging: Costs and Implications for a Large Insurer in Massachusetts.” *Radiology*, Vol. 208, 1998, pp. 385-392.



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