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The multimodality revolution offers business opportunities for vendors

By *Steven R. Renard*

Hard though it is to believe, there is another issue facing outpatient imaging centers besides the Deficit Reduction Act, information technology, and turf wars. It's the multimodality revolution, which encompasses plain film x-ray, ultrasound, and yes, even mammography. For years, these modalities have taken a backseat to MRI, CT, and PET because of their poor reimbursement and risk-reward profiles. As sales have slowed in expensive modalities, x-ray, ultrasound, and mammography are finding their way back into the outpatient imaging arena. And vendors have a newfound chance to grow their business as this revolution escalates.

As crazy as it sounds, this seems to be working. One outpatient business owner I know began with x-ray and ultrasound to establish his businesses model and contracts. Now he is looking at adding modalities such as PET, MRI, and CT. Starting with x-ray and ultrasound, he told me, allowed him to test the market before leaping into higher end modalities.

This has by no means been the usual approach. For years, many outpatient centers focused on MRI, CT, or both while ignoring other modalities. One reason is that a limited-modality model requires less square footage to operate and, depending on the modality chosen, can garner high reimbursements at low operating costs. Now outpatient centers must have at least three modalities in a center to hold on to payer contracts. Mammography, x-ray, and ultrasound offer poor reimbursement and can break even only when high volumes are achieved. X-ray and mammography require that 20+ studies be performed daily to reach the break even point, but there must be room for them. Most single-modality MR and CT centers are not designed to accommodate more modalities, even though it would mean another 15 to 20

patients in the waiting room.

The upside is that adding these modalities not only keeps a center contracted with payers, but also helps to actually grow business for other modalities. Payers are requiring plain films and conservative care before authorizing MRI or CT, forcing centers to also offer those more conservative modalities. Multimodality centers are now becoming the first point of contact for the patient. And patients are more likely to return to a center for any follow-up studies once their demographics?? are in the system.

These new multimodality requirements are forcing centers to add technologies if they want to stay in business. At Liberty Pacific Medical Management, a provider of operational consultancy and management support services, we have been advising our customers to negotiate with vendors in advance. This encourages them to find economical solutions that will benefit their CT or MRI business as well as help them remain engaged in payer contracts. For example, ultrasound is an excellent supplement to a 64-slice CT, while mammography is a good addition to any breast MRI program.

This sea change has opened new doors for many vendors and given them an edge. They are well positioned to ensure their modalities are appropriately placed in centers.

To seize the opportunity and assure they get the sale, vendors must work with single-modality centers by assisting them in the following areas:

Space planning. It is challenging to find an additional 225 square feet to house more modalities. Additionally, securing space for a larger waiting room that can house another 20 patients per day and the front office space to accommodate them is an even bigger challenge. For example, 20 additional x-ray patients equates to five more chairs in any given waiting room. Vendors that can pro-

vide space planning as part of their value-added services would help centers determine the full costs of additional modalities. Average space planning services range from \$2500 to \$4000, depending on the situation. Because a space planner can uncover ways to make room for a new modality and resolve workflow issues, they can be dollars well spent.

Financing. Adding new modalities can lead to expensive improvements. While lenders typically loan 20% of the value of a piece of equipment for tenant improvements (a \$150,000 x-ray unit can provide a center with \$30,000, for example), in most cases, this isn't enough because the build-out of a typical RF room is approximately \$65,000. Vendors that can present creative financing opportunities to cover these costs through their own finance companies or alternative lending sources will most often win the sale.

Entry-level equipment. Acute-care settings must utilize high-end x-ray and ultrasound systems because of the higher volumes generally performed at these facilities. Aside from women's health clinics, most outpatient imaging centers don't require high-end x-ray, ultrasound, or mammography products. They need only the basics since their lower volumes and reduced reimbursement rates don't justify hosting other modalities.

Education. Just as vendors are making an effort to

educate customers about the DRA, they should be doing the same with respect to the newer multimodality requirements. Vendors should inform customers planning to build an outpatient center that they may want to consider purchasing x-ray, ultrasound, mammography, or all three now rather than later. Or they should suggest that centers build a larger waiting room and acquire more square footage early on to help them prepare for the multimodality revolution that is already upon us.

Enhanced PACS/storage. The addition of these higher volume modalities brings the need to store and transfer data. Vendors should devise ways to sell storage and image transfer solutions to centers that are considering these modalities.

Essentially, vendors have the chance to strike right now, while the iron is hot and while the multimodality revolution is gaining traction. With rapid expansion in the diagnostic imaging arena comes an opportunity to shape the future of outpatient center offerings. Why not tout the solution to a captive and highly receptive audience?

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