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Reimbursement woes redirect provider attention

By: Steven R. Renard

At the RSNA meeting this year, I found that customers are focusing on upgradeability and low-cost entry rather than the latest and greatest 3T MRI. I surmise that many vendors at the RSNA are sensing this change of heart and mindset.

Take Philips, for example. Last year no vendor had a planned path to upgrade from a 1.5T to 3T, but this year Philips did, paving the way for an outpatient center to buy a 1.5T scanner, establish the business at a lower cost structure, and ride the wave. A capability shown in previous years in CT that could gain in favor is the upgrade of 32-slice CTs from Toshiba and GE to 64-slice, which could allow providers to be ready for the time when payers grab hold of cardiac reimbursement.

Why are such upgrade paths more important to imaging centers today than say, a year ago? The answer is simple: fear. Focusing more on entry-level equipment and software upgrades can enhance a center's competitiveness without breaking the bank.

Leaping into dual-source CT and 32-channel 3T just does not make sense with reimbursement rates in the $300 range. However, many providers believe reimbursement cuts, epitomized by the Deficit Reduction Act, will work themselves out in the year ahead. They want the flexibility to upgrade without racking up added expenses only to find themselves behind the technology curve.

This kind of flexibility is showing up across all kinds of vendors. Those selling PACS/RIS are pushing more low-cost entry models than I have even seen -- products designed to expand as the outpatient imaging center grows. Storage companies are doing the same.

Until the DRA shakes out, it is difficult to price or sell new technology to an outpatient imaging center and the vendors appear to be acknowledging this fact. As it stands today, it is fair to say vendors are refocusing and trying to avoid "up selling." Instead, they are evaluating their abilities to move products in a DRA environment.

This leads to my next point: What is the cost of acquisition?

Liberty Pacific Medical Management hosted a small booth at the show, in which we presented our consultancy and management services, as well as offering ideas on tactics to employ to survive the DRA. Visitors would ask: Why aren't the vendors lowering their prices? How can they expect to sell a 3T system at the going rates?

The answers are complex. But this issue affects everything from vendor R&D to the industry's ability to fight the DRA. In my opinion, there are alternatives to cutting prices that vendors ought to consider offering imaging centers to encourage them to stay on the cutting edge of the industry's changing technologies. Why not empower these centers by offering vendor incentives, such as package deals, flexible payment terms, and clear upgrade paths that will position them competitively for years to come. We all must do our part to attempt to combat the DRA's effects. This is just a starting point from which we all can learn and experiment.

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