

Case Study: A Shock to the System

As the first waves of COVID-19 hit the U.S. healthcare system, how is radiology adapting to shifting business realities?

By Chris Hobson

Key Takeaways:

- Many radiology groups are pursuing a variety of approaches to deal with the economic effects of the pandemic, ranging from salary cuts to furloughs.
- Recent legislation has loosened eligibility criteria to make Small Business Administration loans more available.
- Permanent closure of some outpatient imaging centers will likely occur and may disproportionately affect underserved communities.

Within four months, the novel coronavirus disease, or COVID-19, has spread across the globe. In its wake, it has left tens of thousands dead and plunged the worldwide economy into chaos. As the death toll mounts and populations are forced into quarantine, occupations like radiology are experiencing a financial shock not seen in decades, if ever.

To meet the epidemic head-on, medical facilities across the country are following the [Centers for Disease Control and Prevention's \(CDC\) guidance](#) to reschedule non-urgent outpatient visits. For radiology, this includes non-urgent imaging and image-guided procedures, which are a large segment of the overall patient volume. Radiology practices around the country are adapting to these marked reductions in volume. Some are reducing working hours for radiologists and radiology staff; in other cases, furloughs and layoffs are in play.

Planning Ahead

These sorts of staffing decisions depend on practice type and setting, according to Syed F. Zaidi, MD, interventional radiologist and vice president of clinical operations and growth at Radiology Partners, the largest physician-owned and physician-led radiology practice in the U.S.

"Urban outpatient clinics are facing a steeper drop in volume, particularly in markets like New York," states Zaidi. "Hospital-based imaging volumes are down, but not as much as outpatient imaging centers." And the approaches to limiting the pandemic's economic impact run the gamut. "Some practices are taking a broad salary cut, whereas others are keeping salaries intact but foregoing bonuses. Still others are keeping salaries in place for associates but the partners are taking salary cuts or foregoing salaries altogether. At the other end of the spectrum," adds Zaidi, "some practices have elected to furlough associates but keep partners intact."

Of the strategies he's seen deployed so far, Zaidi believes some will play out better than others over time. "The strategy of partners taking pay cuts and keeping associates and non-clinical employees intact with benefits is the best approach in my opinion. When



Syed F. Zaidi, MD, interventional radiologist and vice president of clinical operations and growth at Radiology Partners, believes that if practice leaders take strategic financial actions that help retain associates and non-clinical employees during the crisis, radiology will be well positioned to meet future imaging demand.

patient volume comes back, these groups will have the most engaged radiologists and staff. Keeping staff on the payroll will allow these practices to move faster to meet pent-up demand for non-urgent imaging, absorb extra volume, and provide critical care to their communities."

Radiology Partners is trying to set an example by retaining their workforce wherever possible. "We just started a large contract in New York and hired multiple radiologists. In that case, we have not instituted any salary cuts because we want to make sure that we deliver the highest level of service and stay true to these radiologists who just joined us."

In addition to these efforts, Radiology Partners has cut back on discretionary spending. Their local practices are cooperating with each other to shift capacity to where it's needed and preparing for future demand when the economy gets back to normal. The practice has also set up a fund to support teammates in need, with donations from staff matched 10:1 by the practice.

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Bridging the Financial Gap

Zaidi acknowledges that Radiology Partners is a large, national practice with substantial resources, so their playbook may not apply to other practices. That being said, groups encountering cash flow problems can institute workarounds. For instance, ACR has posted information on its website about how to apply for a [Small Business Administration \(SBA\) loan](#) to bridge challenging financial gaps and, perhaps, forestall insolvency. As the ACR webpage states, the Coronavirus Aid, Relief and Economic Security Act (H.R. 748 or the CARES Act) revised the eligibility criteria, allowable uses, and other considerations to make SBA's programs more inclusive, expansive, and useful.

"Having credit line liquidity to support salaries, which can be paid off when volumes come back to normal, is critical," Zaidi notes. "I recommend radiology practices and imaging centers investigate these SBA loans, if they qualify. Such loans can help keep employees stable and avoid furloughs or loss of benefits."

Caring for the Underserved

As chair of the Population Health Management Committee of ACR's Patient- and Family-Centered Care Commission, Zaidi also sees a population health management (PHM) component to this crisis. Ensuring access to quality care to all citizens regardless of income level is a central tenant of PHM, says Zaidi, and the closure of small and rural outpatient imaging centers could hit underserved communities hard.

"Once some of these practices and centers close up, they might never come back," Zaidi speculates. "The care would shift to hospitals, which could be located far from a given community. In that scenario, uninsured patients and those with high deductibles would have more out-of-pocket costs to bear since, on average, imaging costs are higher in hospital settings than in outpatient imaging clinics. It would become more challenging for patients to obtain appropriate preventive care and basic follow-up, likely resulting in patients presenting with more advanced states of disease."

Breast and lung cancer will become particular challenges, according to Zaidi. "The closure of outpatient access centers combined with the current inability to screen for breast cancer and lung cancer during the crisis will cause more advanced presentations of breast and lung cancer patients in coming years," Zaidi believes, along with other pathologies for which patients have held off accessing care until symptoms were more advanced. "This scenario will cause a further strain on an already distressed system, with community effects of the increased morbidity and mortality."

Heading off Financial Challenges

In addition to impending disruptions to patient-centered care, Zaidi has his eye on another potential issue that, without government intervention, won't go away once the pandemic subsides: a reallocation of payments for evaluation and management (E/M) services. In the 2020 Medicare Physician Fee Schedule Final

Rule, CMS finalized significant changes to E/M services that will result in a major redistribution of payments from specialties to primary care physicians. CMS has estimated the impact (including both professional and technical components) to amount to an 8% pay cut to radiology, while some analysts puts the number closer to 9%. Although the ACR is working to minimize the impact of this new policy, radiologists who do not typically bill for E/M services will likely see their payments reduced in 2021. "This impending change isn't on a lot of radiologists' radars right now, but an E/M reallocation would worsen an already suboptimal situation," says Zaidi.

Rewarding certain physicians for direct patient encounters — interactions that are challenging for many specialists to enact — will only make things harder for radiologists, Zaidi believes. "To fix this, radiologists should ally with other specialists in advocating for the value of specialty care. All of healthcare should be recognized for the value we bring to the table, rather than trying to slice the healthcare dollar selectively." On the positive side, both RADPAC and ACR are [engaged in advocacy efforts](#) to dampen the effects of E/M billing changes, having allied with other specialty societies to counter the reimbursement cuts.

While the financial picture plays out, Zaidi encourages radiologists to use this time to plan for the future. "Radiology leaders should work with their health systems to plan patient engagement efforts for when outpatient access opens up again." Zaidi advises radiology leaders to work toward building a PHM infrastructure with patient navigator staff to prepare for care coordination efforts. "Plan for ways to work with community leaders to teach patients about, for instance, the importance of preventing lung and breast cancer. We are in the middle of a worldwide pandemic, and the safety of our loved ones is paramount. Nonetheless," concludes Zaidi, "the time for planning ahead to ensure patients get the care they need in the near future is now."

For a full list of COVID-19 resources for radiologists, visit [ACR's COVID-19 page](#).

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Next Steps

- Review the actions your group can take to maintain its financial stability during this trying time, such as applying for a Small Business Association loan.
- Plan within your health system to reset care coordination and population health management efforts to engage patients and communities as the crisis passes.
- Think of creative ways to ally with other specialists and health systems in advocating for the value of specialty care.

Share Your Story

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