



Strategies for Growing Imaging Center Profitability

A Diagnostic Imaging Center White Paper

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INTRODUCTION

In today's complex and highly competitive environment, improving imaging center profitability means much more than simply delivering high quality services. It requires strategic business planning, financial and reimbursement expertise, sound marketing strategies and more.

While each imaging center needs its own business strategy, cultivating growth always demands an investment of time, talent and funding, as well as proactive and comprehensive planning based on a thorough analysis of the specific geographic market.

Bringing together knowledge and expertise from a wide range of disciplines, this white paper presents the strategies for growth crucial to your imaging center. It discusses (1) formulating a plan for strategic growth, (2) developing a sales and marketing program, and (3) leveraging technology and vendor partnerships for growth and efficiency.

Strategies for Growing Imaging Center Profitability

DEVELOPING A PLAN FOR STRATEGIC GROWTH

The purpose of strategic growth planning is to help better understand your existing marketplace as well as anticipate and prepare for the future — to make the most of existing sources of referrals, to generate new referrals and to proactively adapt to changing market conditions. The most successful imaging centers take advantage of market research and demographics to help forecast their business climate and to map out their growth strategies.

Conducting and Analyzing Market Research

Focusing on the local and national healthcare markets, mine all the facts and figures you can find to help you identify trends and opportunities. Collect and analyze in-depth data about your existing referral base and competition, patient and physician demographics, insurance reimbursements, impending healthcare legislation and emerging medical technologies.

Finding Research and Reports. Independent consultants and medical equipment vendors are excellent sources of national and local market statistics and competitive intelligence. As business partners, they can also provide information on projected demographic and economic trends in your geographic market. Seek a provider with proven success in supplying information on demand for imaging services, business feasibility and financial planning for growing imaging centers and imaging center strategy development, as well as comprehensive business plans synthesizing all this information.

Other sources for market research assistance include medical societies, medical publications and Websites, commercial databases, and competitive market analysis suppliers.

Monitoring Your Referral Base. Capitalizing on your imaging center's existing business and relationships is the best way to expand. Begin your research by creating ongoing monthly reports on all current referrals, using existing computerized patient information. Track your referrals by practice group, location, physician name, and practice area.

Then overlay your referral information on more expansive statistics to look for trends and opportunities. For example, examine national and regional statistics on the average number of daily radiology referrals according to medical specialty and type of exam.

These statistics will help you determine whether a practice is referring all of its business to you. If it is not, place special efforts on marketing your capabilities in additional areas to that practice.

Next, look at referral patterns within a practice to understand specifically who is referring patients. Nurses and support staff, in addition to physicians, may be the sources of referrals. Your data will help you identify which practice members to target in your marketing efforts. Your data will also tell you whether a practice is referring all their appropriate exams to you. If not, target these practices for education about your imaging center's full range of exams as part of your marketing program.

Finally, gather summary information about all potential new referring physicians in your primary and secondary service areas and organize this information by the same criteria as you used for your current referring physicians. You can use this information to target these potential new customers.

To continue to meet referring physicians' needs, review your data regularly. This includes analyzing referral trends to identify changes in patient make-up, procedure pattern and volume, and patient scheduling preferences. Use this information to predict future referrals and emerging needs for new imaging technologies. Consider expanding service lines to meet your customers' evolving needs.

Track all referrals you turn down due to understaffing or equipment shortcomings. If this volume is increasing, consider retooling your imaging center to capture this lost business.

Look at the zip codes of all your patients to uncover subtle geographic shifts that may be addressed by refocusing your marketing efforts or by opening a new office.

Monitoring Your Local Marketplace. Use the statistics gathered to identify demographic and economic trends in your community and determine how the trends may affect your imaging center. Naturally, population growth is good for business. High average income level predicts a strong market for healthcare services, while data on average age, occupation and lifestyle may suggest the need for specific imaging services, providing expansion paths for your imaging center.

Monitoring Your Competitors. Gather detailed information on competitors in the area, including locations, office hours, equipment and special services provided. You may learn, for example, that your market is oversupplied in some service lines or that simply opening your doors a few hours earlier will boost your business. Make sure that your analysis includes all competitors — other imaging centers, hospitals, private practices and any other providers of imaging services.

Monitoring Your Payer Mix. Reimbursement rates and payer mix (the percentage of patients covered by individual insurance companies) are key to predicting profitability. Analyze your business by payer and be aware of referral trends that are out-of-network. Additionally, compare reimbursement rates regularly against contracted rates and benchmark the rates for each insurance payer against Medicare rates to identify your best payers. You may be able to leverage this data to receive incremental increases in reimbursement levels. Additionally, look at these figures in relation to the hard costs for delivering image procedures to ensure you are earning a profit for all payers.

Analyze the Findings and Develop a Formal Plan

After reviewing all these data to identify trends and opportunities to increase volume, develop your strategies. For example, you may determine that the most effective plan is expanding into new service lines to address the needs of an aging population or attracting referrals from a new medical specialty growing in importance. Or, you may decide to relocate your office for proximity to your referring physicians or to develop a partnership with a local hospital to capture unmet imaging needs — or a combination of several or all of these strategies.

Naturally, your analysis will focus on the opportunities that involve fewer competing providers or with easier pathways to rising above the fray. In your long-term growth plan, map out step-by-step how your center will pursue your chosen opportunities.

DEVELOPING A SALES AND MARKETING PROGRAM

Procedure volume is key to a successful imaging center, and generating physician referrals is key to procedure volume. Most successful imaging centers do not leave this to chance. Developing a carefully planned, formal sales and marketing program is an important step in maximizing your potential.

Hire a Marketing Coordinator

When planning a program, give top priority to funding a full- or part-time marketing coordinator. Providing accountability and coordination, a formal salaried staff member will help ensure the resources dedicated to marketing will be well spent. A local healthcare recruitment agency can provide assistance in locating an experienced professional.

Nationally, an average of two percent of net imaging center revenues are spent on marketing, primarily on targeting referring physicians, but the most successful centers spend more. Remember, under-investing in your business is perhaps more dangerous than over-investing in it.

Brand Your Imaging Center for Uniqueness and Service

Create a unique brand identity and customer service message for your imaging center.

First, analyze your competition and what sets your imaging center apart. Do you offer service lines that are unique in your geographic market? Today, typically these include cardiac, colonography, lung, breast, PET and whole body scanning options. Do you offer advanced digital communications that speed results to referring physicians? Is your equipment comfortable for obese or claustrophobic patients? Perhaps you make an extra effort to create a calm, soothing environment for anxious patients. These differentiators will help you create a unique identity for your center.

Next, identify the key services your referring practices and patients — your customers — want or need. Often, the key services are quite basic, from prompt exam scheduling and easy availability for consults to timely radiology reports in the format of the referring physician's choice. Minimal office wait and a comfortable environment are also important. Equipment that enables obese and claustrophobic patients a greater field of view, less noise and more breathing room can also be critical. Naturally, the assumption of a quality diagnosis underlies all this.

Combine your unique imaging center positioning and customer service features into a consistent marketing message to be communicated across all marketing activities. Use it to promote your quality service and distinctive offerings.

Direct Sales and Marketing

Successful imaging centers have found that relationship-building through face-to-face meetings is the most effective referral-building tactic. Using your market research, compile a prospect list of the practices and hospital-affiliated physicians you want to target for referrals. These will include existing referrers as well as all potential new practices not already referring patients in your primary and secondary service areas. Organize the practices and doctors by the same criteria outlined previously. Make note of any background information available on specific physicians.

To begin, your marketing representative should schedule introductory visits with targeted referring physicians in your area. Use these meetings to emphasize your unique sales message and provide a thorough introduction to your imaging center, including service lines, clinical qualifications and benefits to referrers and patients.

Be sure to:

- Provide information on insurance reimbursement and coverage.
- Identify and meet with all staff members who initiate referrals.
- Leave radiology referral forms and driving directions to your imaging center.
- Distribute appropriate marketing materials.
- Take note of the practice's personality and administrative practices, and explore existing referral relationships with competing practices.

During these meetings, determine whether a new practice is familiar with the imaging technologies and services you provide. For those practices, place special emphasis on communicating the full benefits of all your imaging procedures, especially new applications that may be especially unfamiliar. Support your presentation with the marketing materials discussed below. Also, educate practices with existing relationships that do not refer patients for your full range of exams. Following this, visit or contact existing and potential referring practices every month. Consider premiums for their patients, including children's coloring books, calendars and pens promoting your imaging center.

Persistence is crucial. Building a rapport and developing strong business relationships takes time.

Advertising and Marketing Communications

Marketing collateral differentiating your imaging center from the competition will enhance market share growth efforts by creating a unique image and keeping your imaging center in the forefront of referrers' minds. These materials may target both referring practices and potential patients, who may request a referral to a specific radiologist or be asked to select from among several referrals.

Imaging centers with equipment delivering valued patient-centric benefits, such as unique applications, fast, low-dose scanning, or open-bore equipment should consider placing extra emphasis on targeting consumers.

Depending on your budget, promotional materials may include:

- Referring physician brochures highlighting your services and providing information on your center
- Patient brochures or direct mail pieces educating consumers about specific radiology exams
- A Website providing comprehensive information about the center
- Patient referral cards for referring physicians with contact information, hours of operation, and directions to your center
- Print advertisements

Major equipment vendors offer comprehensive marketing packages that include many of these elements, which can be customized for your business.

Media Relations

Working with local media to place your imaging center in the public relations spotlight is a cost-effective way to enhance your promotional efforts. The press is always looking for an insider's perspective on healthcare trends, innovative new technologies and interesting patient stories. Asking patients to complete feedback forms will help you to select strong patient success stories that will spark the interest of editors.

Create media opportunities by contacting local health reporters with story ideas on your imaging center's innovative technologies and procedures, as well as insights into breaking

health-related developments. Target local newspapers and magazines as well as television and radio programs. Invite reporters to your center for a demonstration of new technologies.

Generally, reporters will expect written material covering your story ideas and imaging center in the form of a press release or media kit. Work with your imaging vendor on press releases announcing any new equipment you purchase and target local media for coverage. Your marketing representative or a local freelance writer also can help develop these.

Events and Promotions

Consider events and other public platforms to generate visibility and demand for your imaging center among medical professionals and the local community.

These may include:

- Open houses to provide an overview of your services for physicians or the public
- Local art or other exhibitions mounted in your center
- Presentation of research at local medical meetings for referring physicians
- Speaking opportunities on innovative healthcare technologies and patient issues at local events or Web conferences
- Articles written for referring physician publications
- Speaking opportunities at local schools
- Sponsorship of local sports teams

Track Your Results and Keep Customers Happy

Nothing succeeds like success. To monitor your performance, create a feedback loop by continually surveying referrers and patients to determine the effectiveness of your marketing tactics and adjust your program accordingly. Also update your marketing program based on the market research discussed in the next section.

Remember staff performance and quality of work are key to generating continuing business. Monitor these by surveying patients, and follow up any negative feedback with telephone calls to repair relationships.

LEVERAGING TECHNOLOGY AND VENDOR PARTNERSHIPS FOR GROWTH AND EFFICIENCY

Today, a growing number of imaging centers are extending their services into MRI and CT, or upgrading to expand these existing modalities into more advanced applications. If you are expanding, be sure to select patient-centric equipment that is also appropriate for delivering quality, timely images to referring physicians today and in the future.

Also ensure that you have the ability to manage a larger caseload, while providing the high-quality imaging and customer service your referring physicians require. Technology is one important way to support growth. Your long-term strategic plan should rely on technology to improve operational efficiency and to enhance service for both physicians and patients. Additionally, many large equipment vendors offer a wide range of support programs to enhance your growth.

Invest in Your Equipment: MRI

Because MRI often becomes the practice's workhorse, start with a high-quality platform. Today, a 1.5T magnet is the standard of care and more choices are available than ever before. While you may opt to get started in MRI with a closed system, new open-bore 1.5T systems virtually eliminate many of the tradeoffs inherent in c-shaped open magnets. Innovative new open systems support advanced applications, high image quality and dramatically improve the experience of special needs patients, including children, the elderly, claustrophobic and obese patients.

To take a technology leadership position in a market, in addition to open systems, a forward-thinking imaging center should consider investing in advanced MRI applications such as neurological, cardiac, breast and whole-body imaging, which are growing in popularity.

Other new MRI technologies, such as Total imaging matrix (Tim), can also be leveraged for growth. Tim helps to increase productivity and patient comfort, bringing together 76 integrated matrix-array coil elements and up to 32 channels, which can be recombined based on your needs. This helps to eliminate separate specialized coils and produces clear images of an entire body in 20 minutes or less*.

Invest in Your Equipment: CT

Advanced CT capabilities beyond basic chest, abdomen and pelvic studies are now essential. You can develop those capabilities through a combination of the appropriate

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*Results may vary. Data on file.

mix of slices, gantry speed and processing software. For a marketing edge, investigate the capabilities of your competitors and exceed them. For example, today the market for cutting-edge colonography and cardiac scoring are growing due to an aging baby boomer population.

Technology enhancements such as low-dose CT technologies can be effective tools for marketing to both physicians and today's increasingly health-conscious consumer.

Another similar enhancement is fast scanning CT equipment, which not only delivers clinical productivity, but also makes patients more comfortable by significantly shortening the length of breath-holds.

The Integrated Digital Radiology Suite

Today, advanced integrated digital workflow solutions running over a computer network are helping technology-savvy imaging centers realize new efficiencies, from patient registration and exam scheduling to image archiving.

An integrated Picture Archiving and Communications System (PACS) and Radiology Information System (RIS) enables highly efficient workflow. RIS-driven workflow provides access to patient information — including patient demographics, current and prior images, radiology results and other clinical data — through a single point of entry. The result is a more efficient radiology workplace and streamlined communications with referring physicians, other healthcare providers and patients.

A key benefit of RIS/PACS integration is the reduction or elimination of the costs of film, developing and supplies, file room space and film management. The savings often offset the cost of a RIS/PACS solution. Integrating speech recognition with RIS/PACS will also significantly decrease or even eliminate the transcription costs. One of the major advantages of all this technology for your referring physicians is that they will have access to images and reports as soon as your radiologists have read and signed off the study.

Integrating RIS/PACS with Practice Management/Electronic Medical Record (PM/EMR) solutions enhances operational efficiencies with computerized patient medical records, exam scheduling, imaging center revenue management and more. At the same time, it serves as an excellent marketing tool by opening up fast and convenient new avenues of communications with referring physicians, other healthcare providers and patients.

Ease-of-Use Means Efficiency

Enabled in large part by a well-designed user interface, technology ease-of-use is virtually synonymous with clinical efficiency. Consider it in your hardware and software purchases. Given today's mobile job climate and reliance on technology, technologist training, in particular, has become a significant soft cost worth addressing with easy-to-use technology.

For simplicity, look for a well-designed user interface that features organized menus minimizing the number of clicks per task, that makes sense for your anticipated usage patterns and that has configurable preferences for users and specific exams.

A common user interface across all modalities and applications enhances productivity by eliminating learning curves and delivering everyday workflow efficiencies.

Vendor Support

A major equipment vendor can be a strong asset to support your imaging center growth. Most support their customers with a full range of cost-effective or complimentary imaging center development, management, and training solutions.

When adding a new modality, a vendor-provided plan for operational efficiencies can get you off to a quick start. A good plan will cover information from workflow and scheduling to staff education and coding.

Most vendors also will provide customers with a wide range of flexible financing options and often have a higher tolerance for risk than retail financing sources.

CONCLUSION

Keeping abreast of far-ranging issues affecting healthcare, from market demographics and payer mix to legislation and emerging technologies, will enable imaging center executives to anticipate and capitalize on opportunities for profitable growth.

Research is particularly important before investing in new equipment, which represents a high fixed business cost that must be supported by procedural volume.

However, once procedure volume grows, expenses are minimized and profits can be significant. Therefore, diagnostic imaging centers are well served by devoting significant resources to marketing to referring physicians and consumers to grow their market share and enhance profitability.

