

New Study Uncovers Significant Potential Savings Through Implementing a Radiology Benefits Management Program in Medicare

Estimated savings of \$13 billion to \$24 billion between now and 2020

AVON, Conn.--(BUSINESS WIRE)-- Magellan Health Services, Inc. (NASDAQ: MGLN) announced today the results of a study that shows that the fee-for-service Medicare program and its beneficiaries would benefit from significant savings if Radiology Benefits Management (RBM) programs were adopted by Medicare. The study, commissioned by Magellan's NIA subsidiary, was conducted by Milliman, Inc., an independent actuarial and consulting firm. It shows that if RBM programs were implemented in FY 2012 the program could generate \$13 billion to \$24 billion in savings by 2020, if the performance of the programs was consistent with the Medicare Advantage experience reviewed.

The independent review aggregated results from two RBM vendors, and used the experience for ten Medicare Advantage clients to develop a savings projection. It estimates that the total allowable charges associated with advanced imaging services will be approximately \$111.6 billion from FY 2011 through FY 2020. If a RBM program were implemented in FY 2012, the review estimates the program would generate \$13 billion to \$24 billion in savings over the period ending 2020. The savings would be shared between the beneficiary through lower cost sharing and the fee-for-service Medicare program. The estimated savings to the Medicare program would be \$10 billion to \$19 billion over the period ending 2020. This estimate does not include the administrative cost of providing such a program.

Currently, Medicare specifically restricts the use of prior authorization programs for the Medicare fee-for-service population, despite the fact that they are used in Medicare Advantage plans, many state Medicaid programs and by virtually every commercial insurer.

About Magellan: Headquartered in Avon, Conn., Magellan Health Services, Inc. is a leading specialty health care management organization with expertise in managing behavioral health, radiology and specialty pharmaceuticals, as well as public sector pharmacy benefits programs. Magellan delivers innovative solutions to improve quality outcomes and optimize the cost of care for those we serve. Magellan's customers include health plans, employers and government agencies, serving approximately 31.5 million members in our behavioral health business, 18.5 million members in our radiology benefits management segment, and 4.9 million members in our medical pharmacy management product. In addition, the specialty pharmaceutical segment serves 41 health plans and several pharmaceutical manufacturers and state Medicaid programs. The Company's Medicaid Administration segment serves 25 states and the District of Columbia. For more information, visit www.MagellanHealth.com.

Magellan Health Services, Inc.
David W. Carter, 860-507-1909
dwcarter@magellanhealth.com

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