

Independent Study Estimates Significant Savings to Medicare Through Radiology Benefit Management Programs

AVON, Conn.--(BUSINESS WIRE)-- The implementation of a Radiology Benefits Management (RBM) program could result in significant savings to the Medicare Fee-for-Service (FFS) program, according to a study commissioned by National Imaging Associates (NIA), a leading radiology benefits manager and subsidiary of Magellan Health Services Inc. (NASDAQ: MGLN), and performed by consultants with Milliman Inc., an independent actuarial and consulting firm. The report, "[Potential Savings to Fee-for-Service Medicare from Radiology Benefits Management Programs](#)," projects that RBM programs for advanced imaging services could save between \$13 billion and \$24 billion by the end of 2020, if implemented in Medicare FFS beginning in 2012. RBM encompasses analysis of the patient's clinical indications using clinical algorithms, best practice guidelines, clinical confirmation, certification, and the implementation of physician guidance and support systems.

These findings are extrapolated from actual Medicare Advantage data from 10 health plans and represent a real world estimate that reflects empirical data and the Medicare system of care. The study projects that there will be \$121 billion in advanced imaging services covered by fee-for-service Medicare from 2011 to 2020 if current practices remain. Two alternative scenarios that utilize RBMs to manage advanced imaging costs show the potential to save from \$13 billion to \$24 billion in Federal budget expenditures and patient cost sharing.

NIA is calling attention to the study, originally released in May, given the current national discussion as Congress explores deficit reduction measures to manage the growing cost of health care in the United States.

"The Milliman study provides another independent, data-supported validation of health care industry recommendations. RBM is a proven method of determining the most appropriate imaging service while limiting unnecessary radiation exposure and significant expenditures," said Michael J. Pentecost, M.D., associate chief medical officer at NIA. "RBM programs have been an integral part of the commercial insurance market for 15 years and are currently used by more than 90 million commercial, Medicaid and Medicare Advantage enrollees across all states. Physicians already participate in clinical confirmation for a majority of their commercially insured patients, and this is an opportunity to provide Medicare and program beneficiaries with the same cost-saving patient safety measures. Given current efforts by Congress and the Administration to reduce the deficit and stabilize entitlement funding, requiring the use of RBM for advanced imaging in Medicare FFS and other high-cost health programs in government is a viable and important consideration."

Radiology Benefits Management and Medicare FFS

Other studies have shown the significant and lasting effects of introducing RBM programs to reduce the inappropriate use of advanced imaging services such as computerized tomography (CT), magnetic resonance imaging/magnetic resonance angiography (MRI/MRA), and positron emission tomography (PET) procedures, thereby increasing patient safety while limiting unnecessary health care costs.

Medicare FFS expenditures for advanced imaging continue to grow due to the widespread use of advanced imaging as a diagnostic tool of choice among physicians. Currently, the Centers for Medicare and Medicaid Services (CMS) do not use clinical confirmation programs for advanced imaging in the Medicare FFS program.

Milliman Study

This independent report aggregates RBM results from NIA and another major radiology benefits manager and evaluates whether a common level of impact was observed across their Medicare Advantage customers. These findings were then applied to Medicare FFS data to develop a 10 year savings estimate. The savings estimates are specifically developed for CT, MRI/MRA and PET procedures.

Key findings of the report include:

- Without program changes, the total allowed charges associated with advanced imaging services will be approximately \$121 billion from 2011 through 2020.
- With RBM implemented in Medicare FFS and an assumed impact in only the first year, the savings range from \$13-\$17 billion over 10 years.
- With RBM implemented in Medicare FFS and an assumed impact that extends to the first and subsequent years through a 50 percent reduction in utilization trend, the savings could range from \$20-\$24 billion.

To download a copy of the report, visit <http://www.niahealthcare.com/media/430357/potential-savings-to-medicare-ffs->

[from-rbm-programs.pdf](#).

About Magellan Health Services: 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 31.2 million members in our behavioral health business, 16.3 million members in our radiology benefits management segment, and 5.5 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.

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