

Integrating New Technology in a Physician Practice: **Highlands Oncology Group in Arkansas**

by *Shawna Jarrett, CPA, CMPE*

Highlands Oncology Group, a community-based medical oncology clinic with six medical oncologists and three locations in Arkansas, is open to acquiring new technology, and committed to providing the best treatments available to the community. The independent clinic works with all of the hospitals in the area. The nearest same-size clinic is about 50 miles away. The Highlands Oncology Group sees about 100 to 120 new patients per month. The patient base is about 15,000 active patients, but not all are being treated at one time.

At Highlands Oncology, an ad hoc committee considers acquisition of new technology. The committee, consisting of the clinic's administrator, the financial advisor, and one or two physicians, meets daily or weekly depending on the technology being considered. The clinic does not set aside a new technology budget. Instead, each piece of technology is researched on a case-by-case basis and then funded, as needed, during the fiscal year.

When the ad hoc committee concludes that a new technology might benefit its patients *and* its physicians have approved further research on the project, then Highlands Oncology begins the process of analyzing the feasibility of acquiring the new technology.

The feasibility research includes:

- The cost of the technology
- The expected revenue to be generated by the new technology
- The need for the technology in the community
- Whether the technology is currently available elsewhere in the area
- Patient demographics and sometimes community demographics depending on the type of technology
- Who the new technology will likely serve.

The committee also researches the insurer reimbursement outlook. Usually, the committee looks at the lower end to know the worst-case scenarios and whether it would be able to survive with that level of reimbursement. While the committee may factor in the cost of training staff, most often the committee chooses to use staff already trained in the new technology to minimize training costs.

When looking at new technology, the committee estimates how long it will take to break even and then ultimately make money on the project. The administrator and the committee then communicate this timeline to the physician

owners so they are well prepared in case the new equipment doesn't make money in the first few months.

If research shows it is likely that the clinic will be able to cover the cost of the new technology, then the administrative team and generally one or two physicians on the committee meet with all the physicians and present the proposal complete with the pro-formas and in-depth details on the benefits of the new technology. A vendor may also be present to provide more information and answer questions.

After all possible issues have been considered, the Board decides either to move forward with the project, to suspend further action, or to ask the committee to gather additional information.

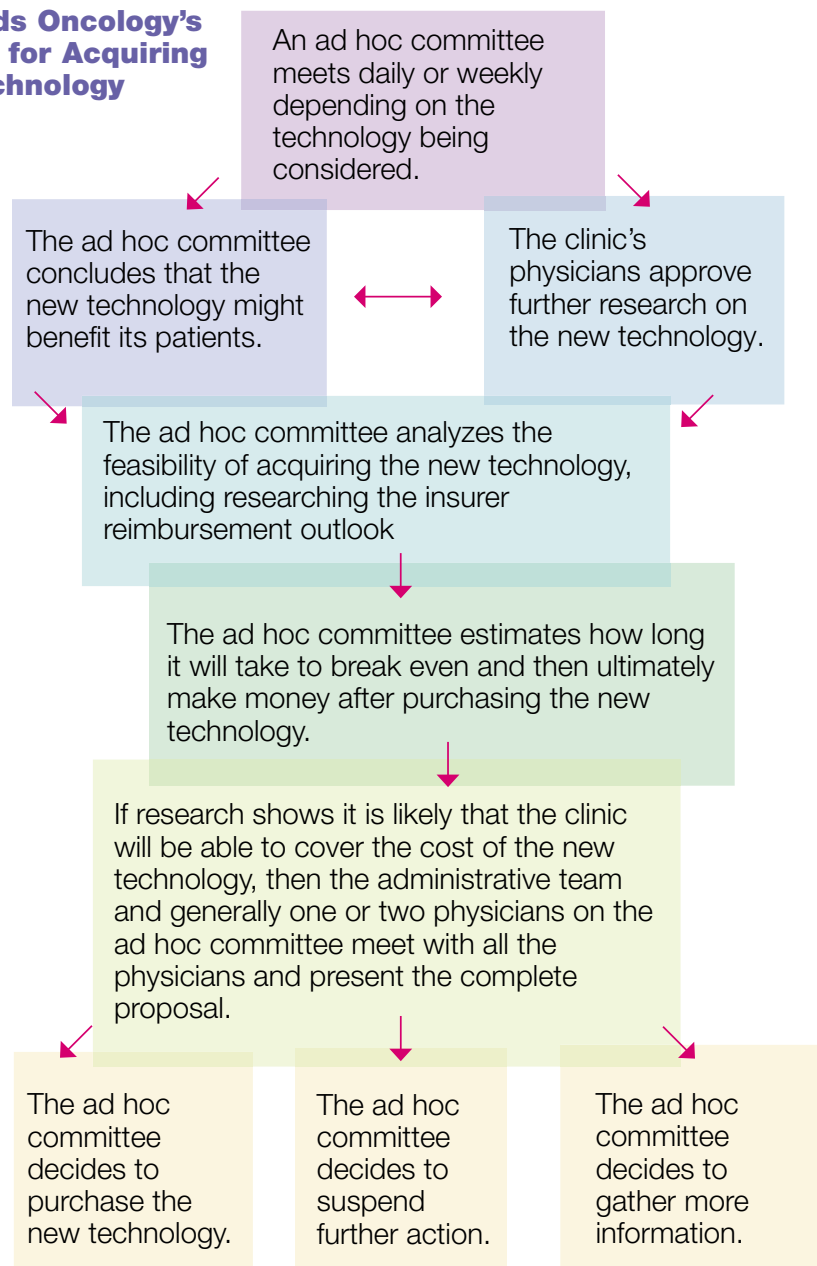
The decision to purchase new technology can take as little as three to four weeks for a smaller project, such as new lab equipment, while a decision on a larger project involving more complex technology and more financial commitment might take eight to 12 weeks.

This year the clinic added a CT scanner that is used in correlation with its PET scanner. PET and CT are often used together to determine the best, most cost-effective course of treatment. Until the scans are performed, a patient's treatment options are multiple. The scanners pinpoint the tumor and give the physician the



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Highlands Oncology's Process for Acquiring New Technology



information necessary to decide the best course of treatment—whether it is to be surgery, chemotherapy, radiation, or possibly no treatment at all. Then CT is often used to determine the effect on the tumor. Two years ago, the clinic purchased a PET scanner, making Highlands Oncology the first independent clinic in the area to own the equipment. In the case of both PET and CT, the clinic had to allocate dollars for remodeling to accommodate the new technology.

The clinic uses PET for diagnosis and adheres to Medicare guidelines. However, if the physicians believe the technology would benefit the patient or if a patient requests having the scan that is not indicated for coverage, the clinic has the patient sign a waiver that he or she understands that his or her insurer does not cover that indication and the patient would be assuming responsibility for the cost.

The PET project covered the monthly cost of the technology by the fifth month but it took about one year before it started to pay back on the investment. For the CT scanner, three months lapsed before monthly income exceeded expenses and another couple of months before it started paying back.

Because technology changes so quickly, Highlands Oncology believes that it's important to make the decision about purchasing the new technology as close as possible to when the new technology becomes available.

To date, the clinic's biggest challenge has been educating insurers about new technology and the benefits and ultimate savings to the carrier that it affords. To do so, clinic staff writes letters to insurers and invites them to actually see the equipment in operation. For example, Blue Cross Blue Shield (BCBS) of Arkansas, which accounts for approximately 15 to 20 percent of the clinic's business, was reluctant to pay adequately for PET services outside of a hospital setting. For nearly a year, the clinic worked with the insurer to receive reimbursement that covered the cost of providing the scans. In the end, Highlands Oncology was able to get BCBS of Arkansas to agree to reimbursement at a more reason-

able rate, and they made this increase retroactive, paying some prior claims at the higher rate.

Highlands Oncology has never turned down a patient for a service that it felt was necessary for that patient to receive regardless of the patient's insurance coverage or the patient's ability to pay. However, the high cost of performing a PET scan makes it imperative to obtain insurance authorization, or some other form of payment or cost covering, before performing the scan. Highlands Oncology has been proactive in negotiating for the radioactive isotope used in PET scans, FDG (fluorodeoxyglucose), for indigent patients, allowing this state-of-the-art care technology to be accessible to all patients regardless of financial restrictions. 📄

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