



Hiatt's Insights - August 2011

Dear Colleague,

Welcome to *Hiatt's Insights*. In each newsletter, I take on a timely topic to provide guidance to HealthHelp's payer clients and other industry leaders. My experience as a diagnostic radiologist combines with my current role as chief medical officer for HealthHelp to give me a broader understanding of healthcare's evolving economic context and the transformative role of technology in medicine. I hope you find this month's topic both informative and thought-provoking.

Utilization Management Shown to Achieve Savings

More than 32 million Americans who currently lack healthcare coverage expect to receive it in the coming years under the Patient Protection & Affordable Care and Health Care & Education Reconciliation Acts of 2010. As a result, the costs necessitated by such extended coverage may expand even beyond their usual annual rise. One contributor to these increasing costs—one often cited as a major culprit—is advanced imaging such as CT, MRI, cardiac nuclear medicine, and PET. Through theoretical and empirical evaluation, HealthHelp found that utilization management (UM) offers the best solution for controlling costs related to these exams.

First, we employed the standard tools of classical macroeconomics to illustrate the outward shift in demand expected from expanded coverage as well as a possible remedy in an inward shift achieved by limiting inappropriate and unnecessary exams through UM. Second, we assessed the application of this theory by examining the results of our UM program for a large

About the Author



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Dr. Hiatt serves as chief medical officer for HealthHelp, a leading specialty benefit management company. Prior to joining HealthHelp, he was a radiology departmental leader and board member for a health system. Dr. Hiatt has published numerous scientific articles and chapters, has presented at various scientific conferences, and is active in many professional organizations.

Dr. Hiatt completed a fellowship in cardiovascular imaging at Stanford University after a residency in diagnostic radiology at the University of Virginia. He

health insurance plan for nearly 5 million subscribers across the country over a 5-year period.

We found that, theoretically, the increase in demand expected from expanded coverage shifts the demand curve outward in a graph with x and y axes of *Care* and *Cost*, respectively, with a consequential rise in both *Care* demanded and the associated *Cost*.

One solution to reigning in this rising *Cost* is the arbitrary cut in payments to providers, with a consequential inward movement along the supply curve such that a shortage ensues, with the resultant need for rationing. This solution is suboptimal because of its negative impact on the accessibility of care. Instead, an inward shift of the demand curve accomplished by reducing inappropriate and unnecessary exams through UM proved to be the appropriate solution. Empirical evaluation supports this finding: Limiting advanced imaging exams through a UM program overseen by HealthHelp saved the nearly 5 million subscribers nearly \$100 million over the 5-year period.

Our theoretical and empirical evaluation substantiates that UM offers both a feasible and efficacious response to the exigency of controlling costs in this reform era by reducing redundancy and waste while also improving healthcare quality and patient safety.

Best regards to you as we seek together the best care for our patients,

Mark Hiatt, MD, MBA, MS

Announcing Hiatt's Insights Blog

I am pleased to announce the launch of my new blog, Hiatt's Insights. Look here for insight into the latest healthcare news and how industry developments are affecting HealthHelp's payer clients and industry leaders.

Upcoming Presentations by Dr. Hiatt

"Radiology Benefit Management Results: Controlling Healthcare Costs While Improving Quality"—Dr. Hiatt will present on the impact of radiology benefit management on the quality and cost of healthcare on Aug. 17 at AHRA in Dallas.

"Transitioning From Denials to Endorsements: Toward a More Collaborative Approach to Utilization Management"—Drs. Hiatt and Jeffery Robinson will present the results of a pilot showing that transitioning to

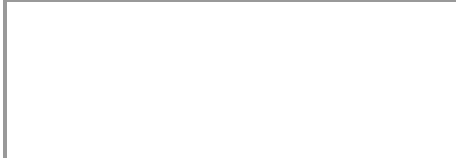
has a master's in Health Evaluation Sciences, with an emphasis in medical informatics and resource management, from the University of Virginia. Dr. Hiatt earned his MD and MBA degrees from Wake Forest University. He holds certification from the Healthcare Information and Management Systems Society.

About HealthHelp

HealthHelp, a leader in specialty benefit management, generates significant savings and return on investment for health care payers by enhancing physician knowledge, improving quality of care, and reducing unnecessary radiation exposure. Each of its programs addresses a different aspect of diagnostic imaging, cardiology, and radiation oncology. The clients of HealthHelp administer local, statewide, and national health care plans. For more information about HealthHelp's programs, visit www.healthhelp.com.



a more collaborative approach does not compromise savings on Nov. 28 at RSNA 2011 in Chicago.



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