

IAEA Threatened with Forced Cuts

In a front-page story on August 8, 2000, *The Washington Post* reported that the International Atomic Energy Agency (IAEA) is facing a financial crisis and may have to shut down key operations because of the failure of the United States and other countries to pay their United Nations bills on time. Agency spokespersons noted that programs in nuclear medicine and agriculture have already been pared.

According to the report, the IAEA is facing the most severe financial crisis in its history, with the agency's function as the world's nuclear watchdog imperiled. With more than \$1 million in travel bills overdue last month, the agency may be forced to ask its nuclear inspectors to work at their own expense. If funds owed by the United States and other countries do not arrive to offset agency expenses, the IAEA may begin layoffs among its 2100 full-time employees. *The Post* quoted IAEA Director General Mohammed Baradei as saying, "If this perilous situation continues, it could undermine critical safeguard operations that verify the safe uses of nuclear energy."

Body Sets Off Alarms in New York

The body of a homeless man found on the East Side of Manhattan in New York City on July 15 set off a radioactive alarm in the city morgue, *The Philadelphia Daily News* reported. Doctors at the morgue issued statements that they believed the man had "undergone tests using radioactive material shortly before his death." "He had some testing done which involved nuclear medicine, the injection of radioactive material," said Ellen Borakove, a spokesperson for the medical examiner's office. "That's why the sensor in the office picked up the radioactive levels." She added, "He's not a public health hazard; there's no radioactive activity on the outside of his body whatsoever."

The unidentified man's body was found at Third Avenue and East 25th

Street. The cause of death was not immediately determined, Borakove said, because the body had been placed in an isolated area. An autopsy would be performed "as soon as it was safe." The medical examiner's office had no additional information on the deceased man when contacted by Newsline in August.

Nuclear medicine rarely finds itself in daily news reports, and this story raises interesting questions for those in the field. How many morgues (both municipal and hospital) are equipped with always-on radiation detectors? How do nuclear medicine departments follow-up after injection of radioactive tracers in patients who have no fixed addresses? In preparation for a future feature, the Newsline editor welcomes information on such questions from readers.

HOPPS/APC Strategies Outlined

Writing for AuntMinnie.com, Robert Maier, president and CEO of Regents Health Resources, a medical imaging consulting and development firm, outlined a number of strategies for coping with the Health Care Financing Administration's (HCFA's) new hospital outpatient prospective payment system (HOPPS) for Medicare reimbursement.

Writing for the AuntMinnie site on July 29, 2000, Maier noted that the new system is sure to have significant impacts on contributions made by imaging departments to hospital profit margins. Hospitals, he maintained, have historically had little appreciation for the 40%–60% profit margins generated by outpatient imaging services. However, HCFA's new ambulatory payment classification (APC) rates for radiology will cause significant reductions in reimbursement, depending on how deeply co-insurance will be discounted to patients.

Maier offered an example of a 120-bed hospital in the Midwest with 50% Medicare patients. The hospital performed 19,000 outpatient Medicare exams in 1999 and generated net revenues from Medicare services of \$2.5

million. Outpatient modalities included diagnostic radiology, ultrasound, CT, MRI, and nuclear medicine. Applying the new APC rates with maximum co-insurance, the hospital's revenues would fall to \$1.8 million, a drop of \$622,000. If the hospital is forced or chooses to discount the patient's share of payment to the minimum co-insurance, net revenue could decrease to as little as \$1 million, or a reduction of \$1.5 million in net revenues compared with pre-APC levels. At maximum co-insurance, the loss of Medicare revenue would be 25%, whereas at minimum co-insurance the loss could be as much as 60%.

Maier stressed that strategic analysis, not panicked cost cutting, is the answer to the challenges posed by the new rules. Hospitals that apply knee-jerk reactions to decreased reimbursement will end up with diminished customer service, loss of outpatients, increased unit costs, and declining margins. Departments that plan their strategies based on solid analysis can experience continued growth and profitability.

Maier is among a growing number of consultants across the United States who offer advice, strategies, and specific mechanisms to cope with the effects of the HCFA changes. He recommended several steps as part of the strategic analysis to plan for these changes, including:

1. Obtain a clear understanding of the department's current financial situation. Analyze cost per modality and the revenue and margins on both existing Medicare and non-Medicare patients. Although other payors may follow Medicare's lead in this matter, the opportunity for increased volume and margins might still make up some of the expected loss.
2. Perform an APC impact analysis to know how procedures and services will be affected. Every hospital will be different, depending on patient mix, procedural volumes, existing reimbursement, and the 1996 cost report and wage index. Evaluate current

(Continued on page 31N)

(Continued from page 26N)

revenue and costs against expected Medicare and non-Medicare reimbursement.

3. Compare APC reimbursement to other payors and to the Medicare Physician Fee Schedule (MPFS) reimbursement for non-provider-based services. In the previous example, the 1999 hospital reimbursement was \$406 and APC reimbursement at maximum co-insurance dropped to \$384. (MPFS technical reimbursement for MR imaging was \$486 on average.)

4. Develop appropriate strategies to minimize the impact of HOPPS. Depending on volume, a freestanding or joint-ventured MR scanner might make sense when reimbursement would be \$100 more per procedure under MPFS than under APCs. (Joint-ventured services are not reimbursed under APCs.) Depending on cost structure, the decision could be made to discount co-insurance on selected APCs to market directly to patients, while maintaining other services at the higher rates. (Maier advises care here, however, because applying discounts to co-insurance is subject to advance reporting requirements and specific rules and may require discounting to other payors as well.)

5. Be ready for APC implementation. This includes reviewing the charge-master, analyzing the billing and coding process for compliance, and ensuring that coding is taking advantage of all possible APC codes and modifiers. An audit of the entire process for the hospital should be undertaken as soon as possible.

—AuntMinnie.com

Future Market Strong for Radiopharmaceuticals

The radiopharmaceutical market may double by 2006, according to a report by the market research firm of Frost

& Sullivan (San Jose, CA). The U.S. radiopharmaceutical market generated \$883 million in revenues in 1999, and, with steady growth expected in the coming years, revenues totaling \$1.6 billion are expected by 2006.

The report tempered this positive news with warnings about the limited supply of isotopes for research and the fact that the majority of such isotopes are produced outside the country.

Frost & Sullivan concluded their report by noting the expanded uses of radiopharmaceuticals in diagnosis, treatment, microbiology, and basic research. These applications are expected to continue to grow, contributing to the likelihood of a rapidly expanding market for radiopharmaceuticals.

—AuntMinnie.com

NCI Small Animal Imaging Grants

The National Cancer Institute (NCI) announced on July 31 that it is accepting applications from extramural and intramural investigators for Small Animal Imaging Resource Programs (SAIRPs). Grants under these programs will support (1) shared imaging research resources to be used by cancer investigators, (2) research related to small animal imaging technology, and (3) training of both professional and technical support personnel interested in the science and techniques of small animal imaging. SAIRPs will enhance capabilities for conducting basic, clinical, and translational cancer research relevant to the mission of the NCI. The major goals of the initiative are to increase efficiency, synergy, and innovation of such research and to foster research interactions that cross disciplines, approaches, and levels of analysis. Building and strengthening such links holds great potential for better understanding cancer and, ultimately, for better treatment and prevention. Applications should be submitted by November 28, 2000. Additional information on this request for applications can be found at <http://grants.nih.gov/grants/guide/rfa-files/RFA-CA-01-012.html>.

Edward B. Best, MD, 1926–2000

Edward B. Best, MD, longtime staff radiologist at the Scott & White Clinic in Temple, TX, died on May 18 after a protracted illness. Dr. Best headed the radioisotope laboratory at the Scott and White Memorial Hospital from 1962 to 1968 and initiated a school of nuclear medicine technology there that ran from the 1960s to 1984. He was certified in nuclear medicine in 1972, the first year the American Board of Nuclear Medicine offered examinations. At the Scott & White Clinic he directed angiography services for almost 2 decades (1968–1987). He also served on the staff of the Santa Fe Memorial Hospital and as an Associate Professor of Radiology at the Texas A&M University College of Medicine.

MURR-Produced Isotope Promising in Multiple Myeloma

Staff at the University of Missouri-Columbia research reactor (MURR) commented last month on reports of positive results in clinical trials of ¹⁶⁶Ho in skeletal-targeted radiotherapy of multiple myeloma. In a study conducted under the auspices of the NeoRx Corporation and reported at the annual meeting of the American Society of Clinical Oncology, 18 of 40 patients achieved complete remissions.

The MURR is the only facility that currently produces this isotope for clinical trials and is the largest university-owned reactor in the world. “We are very excited and enthusiastic about the results of this study,” said Ed Deutsch, MURR director. He noted that MURR researchers enable physicians, scientists, and enterprises to find new ways to diagnose, cure, and prevent disease. He added, “while taking part in this research, MURR is able to provide educational opportunities for our students and post-doctoral researchers that can lead to the development of radiopharmaceuticals such as these.”