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## Partnership Opportunities May Help Manage Evolving Dynamics in Radiology and Imaging

Health systems nationwide are evaluating growth opportunities, which encompass traditional fully integrated partnerships and alternative partnership strategies. In recent years, we have seen an acceleration in less than fully integrated partnership models. As many organizations continue to face resource constraints coming out of the challenging years of the pandemic, these partnership models can offer opportunities to redeploy capital while partnering with best-in-class operators to drive efficiency and growth, particularly in non-acute business units.



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This is the second article in a series exploring a variety of non-acute business verticals and discussing how health systems are using alternative partnership strategies to optimize these segments of their portfolios. Our first article addressed [ambulatory surgery center partnerships](#).

The evolving dynamics in the radiology and imaging arena are requiring health systems to rethink their imaging strategy:

- **Growth in the overall radiology market is expected to continue.** Key drivers include a growing and aging population, increasing disease prevalence, a shift in the perception of diagnostic imaging as core to preventative care, and technology advancements in imaging modalities and image-quality enhancements.
- **The imaging industry is moving to the outpatient setting.** Health plans and some employers are steering patients towards lower cost, non-hospital imaging sites to reduce costs. Independent Diagnostic Testing Facilities (IDTFs) are expected to continue to increase their revenue share across all imaging sites of service. The increased utilization of IDTFs is driven by the relative cost savings as compared to inpatient and hospital outpatient department (HOPD) settings, with payments two to four times lower for IDTFs. This price advantage is coupled with consumerism trends that include increased commercial high-deductible health plan (HDHP) penetration, incentives for price shopping, and greater price transparency.
- **Radiologists are in high demand with limited expected supply.** The radiology workforce today is aging, with a limited pipeline of residency and technologist program graduates to support the growing complexity of imaging studies. Rural areas tend to experience the most severe shortages in imaging providers.
- **The imaging market is fragmented and highly competitive.** Partnership activity has gained momentum, particularly as major health systems have considered new strategies coming out of the pandemic.

To meet organizational goals in this fluid environment, health systems must create strategies to address rising demand, reduce costs, and enhance efficiency.

## Major imaging companies are pursuing new opportunities

As the imaging industry has evolved, a handful of major regional and national imaging companies have emerged as key players in providing high-quality imaging services across the country. Many of these companies have legacy platforms of wholly owned freestanding centers, and in the last decade, many of them have also pursued partnership opportunities, either via joint ventures or management agreements with well-regarded health systems.

These imaging companies offer their health system partners various opportunities for differentiating their radiology and imaging services, including:

- **Operational enhancements**, including back-office workflow automation, use of conversant artificial intelligence, scheduling and utilization optimization tools, and patient digital engagement.
- **Robust sales and marketing strategies**, enabling organizations to utilize sophisticated targeting of both patients and referring physicians.
- **Tech-enabled “active” management**, allowing for improved capabilities to track order-to-exam conversion ratios, turnaround times, and revenue cycle metrics.
- **Expansion planning** for freestanding site selection while managing market saturation and HOPD cannibalization dynamics.
- **Workforce optimization** to improve recruitment and retention strategies for radiology technologists.
- **Joint service line development** with the health system partner to optimize access and service offerings.

Major imaging companies can offer a unique value proposition for health systems looking to blend their imaging offering between HOPD and IDTF settings, allowing systems to recapture patient leakage, navigate patients to the appropriate site of care, and create capacity to sustain and improve volumes for both affiliated and non-affiliated referrals.

## How health systems can leverage new partnership opportunities

A controlled, competitive request-for-proposal (RFP) process that capitalizes on the evolving dynamics in the radiology and imaging marketplace is the best method to unlock a health system’s full range of opportunities in partnership negotiations.

In developing its RFP, a health system should identify its priorities for a partnership relationship. These might include:

- **Speed to execution.** This may be an especially important factor if a health system is already facing significant radiology competition in its market. Imaging partners have expertise in selecting and developing de novo freestanding sites.
- **Patient access.** Imaging partners can offer best practices to provide a consistent patient experience, standardize processes, and increase overall capacity.
- **Improved IT infrastructure.** Imaging partners have specific knowledge in the industry’s best-in-class IT solutions to support a broader imaging component. These technologies typically integrate seamlessly with major electronic health record systems.
- **Favorable financial and operational results.** This may be an important factor for those health systems that have identified existing inefficiencies, both financially and operationally, in their current platform. Imaging partners can allow for health system partners to expand their imaging platform while reducing initial capital and resource requirements. These factors, along with the partner’s capabilities and operational expertise, enable improved financial and operational yield for all parties.

As a critical component of high-quality patient care, diagnostic imaging will continue to advance for organizations that plan their offering effectively. Health systems should consider targeted strategies, including potential partnerships, to meet the radiology and imaging needs of their patients.

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