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Pros and Cons of Private Versus Public Imaging: The Case in France

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Around 2,000 radiologists in France work in public hospitals, while there are about 5,000 radiologists in private practice. This national bias towards a private radiology system has given us much opportunity to discern the advantages of a competitive structure for the delivery of imaging services, and to comment on the jungle of administrative burdens and various healthcare policies that hamper it.

In France, healthcare governance is very complicated, socialised and heavily centralised. There are two main sectors, ambulatory care, mainly private, and hospitals, mainly public. There are multiple actors. The state is in charge of parts of the system such as health, social affairs, finance and agriculture. The parliament votes every year on the "Healthcare Financing Law" (LFSS: Loi de Financement de la Sécurité Sociale) covering budgets and the growth index. The "Alert Committee" (Comité d'Alerte) watches spending and sounds the alarm if trouble appears. It is empowered to ask the parliament to take financial measures if required.

Another contributor to this complexity is that "paritarisme", a cooperative and equal system between unions and the state, is used to control the social security system. This is the financing body redistributing the money collected through taxes and premiums to the different actors in the healthcare field. Medical bodies are tied to social security by the cooperative agreement, which is a contract negotiated by the ever-divided unions. Lastly, there are quite a number of agencies dealing with healthcare: Haute Autorité en Santé (High Authority in Healthcare), regional agencies and so on.

Healthcare Spending in France

A total of 206 billion euros were spent in 2007 (10.9% of GNP) with 163.8 billion euros (8.7%) on care and medical goods, leading France to the third in rank in the OECD in terms of expenditure.

Both public and private actors share common tariffs through the CCAM (Classification Commune des Actes Médicaux) system, a list of prices and codes for about 7,200 items. In hospitals, billing relies upon CCAM and the T2A system (Tarification à l'Activité), analogous to the DRG system. Social security covers up to 76.6% of health expenditure. Households cover a further 8.5%, and others funds 14.9%, (including mutual insurance, insurance companies, providing societies, forms of welfare).

Paris-Nord Imaging & Cancer Centre

The Paris-Nord Centre in Sarcelles is organised around the twin poles of cancer treatment and imaging. It is associated functionally but not financially, with a 250-bed private clinic, which belongs to a family group. The centre is equipped with:

- Digital x-ray department including an angioand interventional suite;
- 2 ultrasound departments;
- 2 MDCT (16 GE Brightspeed and 64 GE LightSpeed HSA);
- 2 1.5 T MRI (GE Signa HDxT);

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- Breast disease department with 2 GE FFDM, US, Vacuum biopsy system (Fischer Breast Care);
- 1 PET-CT (Siemens) and 2 NM cameras (Siemens/GE);
- 2 cyclotrons (joint venture with CIS-BIO/Schering, now sold to these partners);
- Full scale PACS (GE Centricity) with EDL-Xplore RIS;
- 3 linear accelerators (Varian), and
- 12 ambulatory chemotherapy beds.

There are seven full time radiologists, three part-time radiologists, five full-time nuclear medicine specialists, three full time obstetricians and six full-time cancer specialists with some part-time consultants. We now share more than 70 employees.

Strong Administrative Organisation is Key

Over the years, we built up a strong and transparent administration with a dedicated finance and administration department with in-house directors of finance and development, which are employees of the overall group. Accountants and lawyers are outsourced. There is a human resources chief of staff along with delegates within every department. Technical maintenance is mainly outsourced, including IT, but there is an on-site agent.

Power remains in medical hands. There is one CEO for each group but the two groups share the same administration. In the imaging department, peers elect the CEO. New rules are still to be defined for the cancer centre due to partnership changes.

There are regular meetings within and between both groups on an annually planned schedule. Strong relationships had to be developed with the various administrations and the local politicians.

Our Main Management Challenges

Managing human resources is one of our main management challenges, as a small community staff require frequent Q & A sessions and assurance about our future direction. Demographics are another major problem: a high turnover of technicians, coupled with ever increasing salaries (now over 3000 euros/p/m net); a lack of qualified board certified radiologists in front; a lack of task forces to introduce new techniques; the younger generation's different way of life to older established radiologists; locum tenens cherry picking the best jobs and asking for higher and higher fees which means they have higher incomes than full-time radiologists; retirement limitations, and last but not least, the identification of future leaders.

From the economic point of view, the different locations for each centre are generating higher costs than a single, united one, and labour as well as administrative costs are rising in the face of reduced tariffs. Outsourcing some clerical tasks (appointments, transcription) has proven useful but with limited effects.

Increased Productivity a Limited Solution

Solutions are quite limited: the increase in productivity has limited effects because of the national "dynamic management" of tariffs by the system – here in France, the more you do for the same budget, the less you get next time. New techniques and new services e.g. teleradiology, can be offered and we are also treating some foreign patients, coming from the UK and the Middle East to generate other revenue streams. In the long run, ISO certification may help negotiation with third party payers and a larger group may have to be built. Some changes in the cancer centre organisation have also brought "non medical" investors into our partnership: a big departure for us. Our by-laws insist upon some protection against purely financial management. We also have to cope with the increasingly negative working environment, with declining social and medical relationships, the rise of malpractice claims and insurance costs, long working hours, including medical meetings (multidisciplinary), burn-out, and many unwanted "non medical" tasks.

Advantages of Private Practice

One of the key advantages of operating a private system for imaging is the resultant freedom of decision in terms of medical equipment and strategy choices. Our medical income is right on the average according to the present standards. We therefore anticipate resisting any negative economic impact for the time being and forward planning should facilitate survival of the financial crisis, despite no short-term visibility. Finally, there is some satisfaction in the delivery of a high quality of care and service to our patients. Our centre thereby maintains its attractiveness to clients.

Private radiologists in France lost 120 million euros (4% of turnover) last year in national fee reductions, and we are now asked to sacrifice 100 million euros more this year. A new reform is on its way, called HPST or Hôpital, Patient, Santé et Territoires, without any negotiation with the healthcare workers, MDs or others... The new financing law for 2009 (LFSS 2009) has been voted by the parliament with some measures added concerning various forms of punishment aimed at professionals (no mention of the gallows, but...). Investment is clearly at risk in both sectors and

French society still has to decide about healthcare policy: friend or foe???

This paper is dedicated to Dr. Marc Kandelman, who passed away in October 2008. A renowned radiologist and a specialist in healthcare economics, he provided some information used in this article.

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