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FOR LEADERS IN MEDICAL IMAGING SERVICES



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The Third Annual Ranking of
THE 50 LARGEST
PRIVATE RADIOLOGY PRACTICES

RANKED BY NUMBER OF RADIOLOGISTS, AND INCLUDING NUMBER OF EMPLOYEES, STUDIES, AND IMAGING CENTERS



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THE 50 LARGEST RADIOLOGY PRACTICES

Our third annual survey reveals that overall, the nation's 50 largest radiology practices continue to increase in size, and imaging-center ownership is consolidating among the very largest *By Cheryl Proval*

Introduction

A year ago, I would not have predicted the results that follow in the third annual survey. In last year's introduction, I mentioned that there was a fair amount of merger activity going on; I would have predicted that the big would become bigger. Nine groups in the top 50 did increase their radiologist counts by five or more, with Charlotte Radiology increasing by 15. The surprise comes in terms of the number of groups that decreased in size. Fourteen groups have become smaller. This appears to be due to increased efficiencies—and also to hospitals' employment of radiologists. The world of radiology is unpredictable now.

The recent announcement of the merger of two large teleradiology companies creates some interesting dynamics in the marketplace. Combined, the two organizations employ 325 radiologists, but they are excluded from the survey because it is limited to private-practice radiology groups. The new, postmerger entity has the capital and the infrastructure to continue to grow, and I would guess that it will. The private groups do not have the capital (and many do not have the infrastructure) to handle growth. Collaborative joint ventures like Strategic Radiology may be a partial solution.

Strategic Radiology (a consortium of 15 groups covered in the April/May 2010 issue of *Radiology Business Journal*) has about 900 radiologists. The top 15 practices in the survey this year have a combined total of 1,078 radiologists.

Some of the Strategic Radiology groups did not participate in the survey; other larger groups, in Texas and elsewhere, chose not to participate, so the survey is not 100% accurate. It is fun, however, to see how groups are doing.

Thank you for participating.



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Some evidence of the consolidation occurring in the broader health-care market can be observed in the results of the third annual survey to rank the 50 largest radiology private practices in the United States. Cosponsored by LarsonAllen and *Radiology Business Journal*, the survey revealed that several practices took great leaps up the ranking, several dropped down, and some accumulated more imaging centers (though many shed them). A total of 14 practices decreased in size.

Financial information submitted by the practices is confidential, so the criterion used to rank the practices was number of radiologists (FTEs, rather than individuals, were counted for all practices' radiologists and employees). The Web-based survey, made available to readers of *Radiology Business Journal* and *ImagingBiz.com*, was conducted from July 15 through September 15, 2010.

This year, 72 practices participated (slightly more than last year), and the sponsors are grateful not only to those in the ranking, but also to the 22 practices that filled out the survey, but had too few radiologists to be included. The information provided by all 72 participating practices was instrumental in identifying trends affecting the practice of radiology in 2010.

Participation is voluntary, so the list should not be construed as definitive. This year, however, the survey was more representative of the nation's largest

practices, with 14 established practices appearing for the first time. This resulted in increases for both the median size of the 50 largest practices and the size of the smallest ranked practice (31 radiologists, compared with 25 last year).

Because the survey was more inclusive this year, practices could retain last year's rank only if they had added radiologists. Where two or more practices had the same number of radiologists, we assigned a rank based on their number of employees.

Medians for the selected practice variables (Figures 1–4, page 33), likewise, are based solely on the input of our universe, and are not necessarily representative of the broader practice environment. Nonetheless, these 72 practices gave input that is likely to resonate with their peers and to provide useful insight into contemporary practice.

The Practices at the Summit

For the second year, Advanced Radiology Services PC was the largest practice in the nation (see table, page 30), with 106 radiologists. The practice continues its focus on the hospital market, with 15 hospital clients and 105 teleradiology clients in one state. It has no imaging centers. The practice interpreted 1,557,551 procedures in 2009.

The second-largest practice is Charlotte Radiology, which leaped from last year's ninth spot following a practice merger that created a practice with 80 radiologists. A leader in the outpatient-imaging arena,

About the Survey

The survey to rank the 50 Largest Radiology Practices is the result of a collaboration between LarsonAllen and *Radiology Business Journal*. LarsonAllen is a nationwide professional services firm based in Minneapolis, Minnesota, and counted among the top 20 accounting firms. *Radiology Business Journal* is a next-generation bimonthly economics journal serving leaders in medical imaging.

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Charlotte Radiology operates 23 imaging centers and has 350 employees. It also has 12 hospital clients, and it provides teleradiology interpretation for 15 clients in two states. It interpreted a total of 1,350,000 procedures in 2009.

The third-ranked practice is St Paul Radiology, with 80 radiologists (down from

85). The practice has 320 employees and 12 hospital accounts. It also owns seven imaging centers and has teleradiology clients in 15 states. It performed 1,100,000 procedures last year.

The fourth-ranked practice, University Radiology Group PC, also had a large growth spurt, going from 61

to 80 radiologists. The practice has 290 employees, has four hospital contracts, and owns 10 imaging centers. Last year, it interpreted 950,000 procedures.

Austin Radiological Association is ranked fifth, with 76 radiologists (down two from 2009). This practice has 626 employees, has 17 hospital clients, and

Table. The 50 Largest Private Radiology Practices for 2010 (Ranked by FTE Radiologists)

2010 Rank	Group	Location	CEO	Lead Physician
1	Advanced Radiology Services PC	Grand Rapids, MI		Konstantin Loewig, MD
2	Charlotte Radiology, PA	Charlotte, NC		Arl Van Moore, MD
3	St Paul Radiology, PA	St Paul, MN	Michael Madison, MD	Michael Madison, MD
4	University Radiology Group, PC	East Brunswick, NJ	S. Thomas Dunlap	Robert E. Epstein, MD
5	Austin Radiological Association	Austin, TX	Doyle W. Rabe	Gregory C. Karnaze, MD
6	Radiology Associates of Tarrant County	Fort Worth, TX	Lynn Elliott	John Queralto, MD
7	Fairfax Radiological Consultants, PC	Fairfax, VA	William F. Allison	Marshall C. Mintz, MD
8	Consulting Radiologists, Ltd	Minneapolis, MN	Neeraj Chopuri, MD	Neeraj Chopuri, MD
9	Southwest Diagnostic Imaging	Phoenix, AZ		Christian Dewald, MD; Rodney Owen, MD
10	Radiology Associates of South Florida, PA	Miami, FL	Jack Ziffer, PhD, MD	Jack Ziffer, PhD, MD
11	Riverside Radiology & Interventional Associates	Columbus, OH	Marcia Flaherty	Mark Alfonso, MD
12	Inland Imaging	Spokane, WA	Steve Duvoisin, MBA	Dan Murray, MD
13	Suburban Radiologic Consultants, Ltd	Minneapolis, MN	Jim Tierney	Kevin Gustafson, MD; Aaron Binstock, MD
14	Radiology Imaging Consultants, SC	Harvey, IL	Jay Bronner, MD, MBA	Perry M. Gilbert, MD; Jay Bronner, MD, MBA
15	Mountain Medical Physician Specialists, PC	Murray, UT	Clark Davis	Michael Webb, MD
16	Texas Radiology Associates, LLP	Plano, TX		Ted S. Wen, MD
17	Diagnostic Imaging Inc	Treose, PA		Bruce Lehrman, MD
18	Radiology Associates of Hollywood, PA	Pembroke Pines, FL		Mark Schwimmer, MD
19	Bay Imaging Consultants Medical Group Inc	Walnut Creek, CA	Mary Gerard	Ira Finch, MD
20	Clinical Radiologists, SC	Springfield, IL	Thomas C. Dickerson	Charles E. Neal, MD
21	Diversified Radiology of Colorado	Denver, CO	Chris (Kip) McMillan	Steve George, MD
22	S&D Medical, LLP	Bedford Hills, NY		Kenneth S. Schwartz, MD
23	American Radiology Associates, PA	Dallas, TX		J. Mark Fulmer, MD
24	Wake Radiology	Raleigh, NC		Robert E. Schaaf, MD
25	Alliance Radiology, PA	Overland Park, KS		Rob Newth, MD
26	Radiological Associates of Sacramento Medical Group, Inc	Sacramento, CA		Mark H. Leibenhaut, MD
27	Fountain Radiology Group	Pittsburgh, PA	Tom Skelton	James Backstrom, MD
28	Jefferson Radiology, PC	East Hartford, CT	Ethan B. Foxman, MD	Ethan B. Foxman, MD
29	TRA Medical Imaging	Tacoma, WA	Dennis Carter	Michael Dowd, MD
30	Radiology, Inc	Powell, OH		G. Patrick Cain, MD
31	Rhode Island Medical Imaging	East Providence, RI		John Cronan, MD
32	Northwest Radiology Network, PC	Indianapolis, IN	Vincent Mathews, MD	Vincent Mathews, MD
33	Radiology Alliance, PC	Nashville, TN	J. Keith Radecic	Webb Earthman, MD
34	Drs Harris, Birkill, Wang, Songe and Associates, PC	Dearborn, MI		David S. Yates, MD
35	Greensboro Radiology	Greensboro, NC	Worth Saunders, MHA	Eric Mansell, MD
36	Huron Valley Radiology	Ann Arbor, MI	Patricia J. Neinas	Eric C. Ferguson, MD
37	Northside Radiology Associates, PC	Atlanta, GA		Steven Moss, MD
38	Radiology Ltd	Tucson, AZ		Edward Woolsey, MD
39	Quantum Radiology	Marietta, GA		Alan Zuckerman, MD
40	Vista Radiology, PC	Knoxville, TN		Samuel Feaster, MD
41	Desert Radiologists	Las Vegas, NV	William P. Moore, II	Robert B. Poliner, MD
42	Radiology Associates of Clearwater	Clearwater, FL		John Fisher, MD
43	Atlantic Medical Imaging, LLC	Galloway, NJ	Robert M. Glassberg, MD	Robert M. Glassberg, MD
44	Radiology Associates, PA	Little Rock, AR	Kathleen Sitarik, MD	Kathleen Sitarik, MD
45	Milwaukee Radiologists, Ltd, SC	Milwaukee, WI		Emil Hurst, MD
46	West County Radiological Group, Inc	St Louis, MO		Jeffrey Thomasson, MD; Thomas Applewhite, MD
47	Nassau Radiologic Group, PC	Garden City, NY	Annette Marinaccio	Jay Bosworth, MD
48	X-ray Associates	Hockessin, DE		Kert Anzilotti, MD
49	Mid-South Imaging & Therapeutics, PA	Memphis, TN	Brian M. Bareito	Dexter White, MD
50	Seattle Radiologists	Seattle, WA	Karen Leppert	Michael Peters, MD
50	Professional Radiology, Inc	Cincinnati, OH	Robert J. Ernst, MD	Robert J. Ernst, MD

owns 15 imaging centers. It interpreted 1,761,712 procedures in 2009, making this the single busiest practice in the nation.

Changes for 2010

The average size of the largest 50 practices has grown steadily since we began the survey, starting with an average

of 45.4 radiologists in 2008 (median: 42.5), increasing to 48.5 in 2009 (median: 45), and increasing again to 52.7 in 2010 (median: 52). This increase could be ascribed to a trend, or it could be due simply to the fact that the survey is now more inclusive of the nation's largest practices.

Of the 37 practices that were ranked last year, more are growing than are shrinking: 18 practices added radiologists, 14 practices lost them, and five stayed the same; the other 14 practices are new to the ranking. Several practices took great leaps in size, probably through merger or acquisition, while several others

Lead Nonphysician	2010 FTE Radiologists	2009 FTE Radiologists	2008 FTE Radiologists	2010 FTE Employees	Imaging Centers	Hospital Contracts	Procedures	Preliminary Teleradiology Interpretations	Final Teleradiology Interpretation	Teleradiology States	Teleradiology Clients
Bill Ziemke	105.7	106.2	89.2	125.7	0	15	1,557,551	22,955		1	1
Mark Jensen	80	65	61.3	350	23	12	1,350,000	40,000		2	15
Michael Martin	80	85	83	320	7	12	1,100,000	150,000	140,000	15	
S. Thomas Dunlap	80	61	-	290	10	4	950,000	12,000	800,000	3	10
Doyle W. Rabe	76	78	84	626	15	17	1,761,712		491,000	1	300
Lynn Elliott	74	61	59	285	13	12	1,400,000			1	
William F. Allison	72	72	-	426	12	3				1	
	67.7	67	65	128	3	19	1,077,427	47,025		5	26
Lisa Mead	67	-	65	572	19	5	1,390,612		370,316	2	
Dennis Wiseman	65	57	-	15	0	5	700,000			1	2
Marcia Flaherty	64	63	60	95	0	14	947,760		5,000	1	45
Steve Duvoisin, MBA	63	60	61	650	7	14	880,000			3	41
Jim Tierney	63	65	65	275	5	10				2	
Steven Newell, MBA	61	71	-	6	0	12	1,000,000			3	12
Clark Davis	60	-	-	240	2	7	750,000			2	0
Susan Spain	58.8	-	-	8	0	16	960,000			1	0
Richard Zimmerman	58	58	-	61	1	10	900,000	3,650		2	9
Dan Strub	58	52	34.3	55	0	6	840,000			1	3
Mary Gerard	56	-	-	150	5	11	1,028,000	70,000		1	30
Thomas C. Dickerson	56	-	44	34	0	21	900,000	40,000		3	60
Chris (Kip) McMillan	55	55	-	58	0	12	750,000			1	32
Jonathan Schwartz	55	-	-	4	0	11	950,000	40,000	100,000	2	45
Craig Cunningham	54	-	-	12	1	5	700,000		130,000	2	50
William Johnson	53	50	50	300	17	5	665,000	10,000	525,000	1	
Deb Palmisano	53	52	-	1	0	16	740,000			2	16
Fred Gaschen, MBA	52	71	77.8	380	14	0	1,050,000			1	0
Tom Skelton	51	50	20	75	0	19	1,250,000		55,000	5	22
Lawrence Freni	50	41	45	332	9	4	625,000			1	
Dennis Carter	50	52	-	223	6	7	650,000			1	15
Michael Murphy	50	61	-		2	8	2,241,602	84,010	84,010	1	12
Betty Simas	50	-	51.2		5	3				1	
Linda Willgus	47	41.5	41	120	3	15	750,000			1	33
J. Keith Radecic	45	45	-	50	1	7	750,000			1	5
Dawn E. Portelli	43	-	-	28	0	6	890,000			1	0
Worth Saunders, MHA	41	-	-	152	5	8	675,000		50,000	2	
Patricia J. Neinas	40	30	-	11	1	7	779,000			1	
Mike Kolesar	40	-	-	9	0	3	600,000			1	1
Chip Hardesty	39	-	-	385	9	3	600,000			1	
Adam Fogle, MBA	39	37.5	-	57	4	5	715,000			2	16
Charles McRae	39	38.1	-	6	0	10	725,000	80,000		2	
William P. Moore II	38	38	39	240	4	8	1,100,000	1,200	10,729	2	14
Patrick L. Empting	37.5	39	-	3.5	0	6	700,000			1	1
Michael J. Jenoriki	36	30	31	297	8	3	536,000			1	0
Jerry Linebarger	36	38	45	100	2.5	11	620,000			1	
Russ Lein	35	33.1	-	7	2	2	513,000	900	900	2	11
Carol Hamilton, MBA, CMPE	34	35	31	31	0	2	407,000			1	2
Annette Marinaccio	33	35	28	435	15	0	302,444		165,000	1	
Matt Dangel, MBA, CPA	32.5	-	-	16	9	2	568,000			1	1
Brian M. Barbeito, MBA	32	34	30	14	0	11	600,000	10,000	100,000	2	31
Karen Leppert	31	34	21	72	2	1				1	6
Joseph R. Hundepohl	31	-	-	40	0	4	500,000		50,000	3	20

experienced dramatic declines of 20% or more, quite probably due to the loss of hospital contracts. The average size of practices with more than 65 radiologists has declined since 2008, when it was 81.8; in 2010, it was 78.

While larger practices benefit from having greater resources to build organizational infrastructure (in the form of IT, imaging-technology investments, and skilled management), they also face the challenges of maintaining hospital contracts, governing large numbers of highly independent partners, and managing assets. It will be interesting to see whether many practices can grow beyond the 80-member mark.

Consolidation in imaging is most evident in median imaging centers for each practice-size category (Figure 1). Median centers were stable (at two) for the smallest practices, declined by 50% in those having 35 to 49 radiologists, and nosedived from five to one among practices with 50 to 65 radiologists. The largest practices clearly saw a buying opportunity; their median centers doubled (from six to 12).

Procedural volumes (Figure 2) increased in each of the four practice-size categories, probably in response to the continuing downward pressure on reimbursement. The two categories that experienced the greatest growth were the largest practices and those with 35 to 49 radiologists.

In median procedures per radiologist, it appears that all but the groups in the smallest category succeeded in increasing volume per radiologist. The largest practices increased per-radiologist volumes from 15,384 in 2008 to 18,030 in 2009; practices with 50 to 65 radiologists, from 13,913 to 16,036; and practices with 35 to 49 radiologists, from 15,544 to 18,141.

Although median procedures did increase for the smallest practices, an increase in their median practice size meant that procedural volumes per radiologist actually fell off significantly (from 16,337 in 2008 to 15,479 in 2009). This could be because some of



the smaller practices that fell off the list this year were highly productive, or it could be that the smallest practices were unable to leverage IT or support staff to help boost productivity.

Shedding Employees Along With Centers

The number of employees of a practice has a clear, direct relationship both to the size of the practice and to the number of imaging centers that it owns. Therefore, it is not surprising to see a relationship between trends in imaging-center ownership and practices' employment levels. In those practice-size categories where imaging-center ownership remained the same or increased, employment increased, but employee totals plummeted where practices shed imaging centers.

In the smallest and largest categories, employment increased in 2009 (Figure 4). In the size categories in between, however, employment dropped. The number of employees dropped most precipitously where imaging-center ownership declined most: In groups of 50 to 65 radiologists, median employee counts declined from 209 to 68.

Just one practice-size category experienced an increase in median hospital contracts (Figure 5): Practices with 35 to 49 radiologists had a median seven hospital contracts in 2009, compared with five in 2008, possibly accounting for this size category's significant increase in procedural volume per radiologist. All other categories experienced declines. These were most dramatic for the smallest practice category, possibly signaling the difficulty that these practices have in meeting hospitals' increasing demands for subspecialization.

It also is a possible consequence of teleradiology companies' incursions into the business of final interpretations—of the trend in hospital employment of specialty physician practices.

The Productivity–Revenue Relationship

Many (22) of the participating practices submitted revenue numbers, which cannot be shared. These data, however, are important because they enable us to look for patterns that might reflect practice characteristics related to size. Because the sample is so small, comments on the data are highly subjective—but where there are no data, even small amounts of information prove irresistible, so take these comments under advisement.

Last year, revenue per radiologist was greatest in the smallest groups, steadily declining as the group size increased. This year, that trend was reversed, with one exception: groups with 35 to 49 radiologists had the highest median revenue per radiologist.

This year, the productivity numbers also synced more closely than they did last year with revenue per radiologist. The practice-size category with the greatest productivity (35 to 49 radiologists) also had the highest revenue per radiologist. Groups of more than 65 radiologists were the second most productive and had the second-highest revenue per radiologist.

Many variables can influence revenue per radiologist, including revenue-cycle management and geographic location. Two other factors that appeared to influence revenue per radiologist were technology ownership and the number of support staff. All 10 groups reporting the greatest revenue per radiologist owned two or more imaging centers, and their average number of employees was 230. The average number of employees for the groups that reported low to median revenue per radiologist was 45.

While there is a clear relationship between the number of imaging centers owned and the number of employees, a higher-than-average number of employees could be due to other influences as well. It is possible that greater support from IT staff (in devising electronic solutions to practice problems) and more administrative support (producing cleaner billing/coding and

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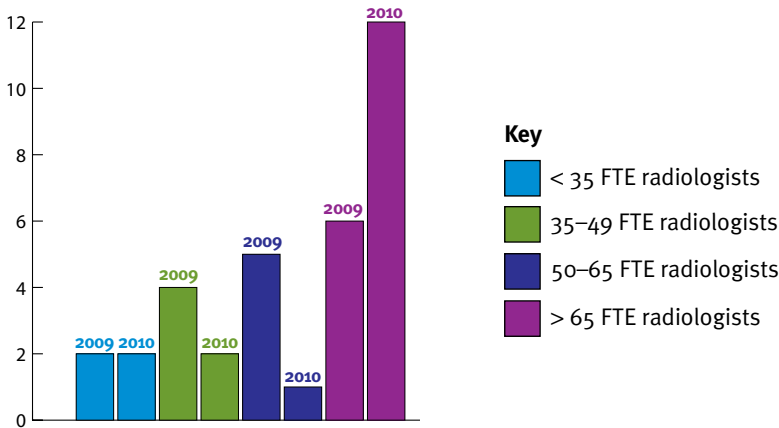


Figure 1. Median imaging centers, 2009 and 2010.

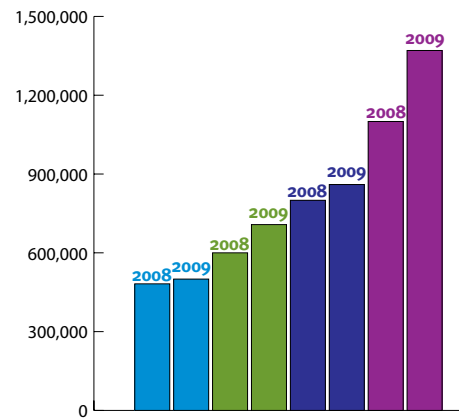


Figure 2. Median procedures performed, 2008 and 2009.

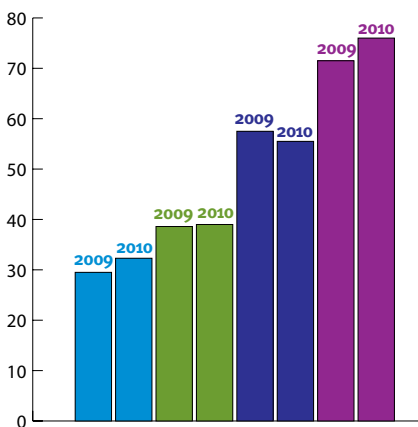


Figure 3. Median FTE radiologists per practice-size category, 2009 and 2010.

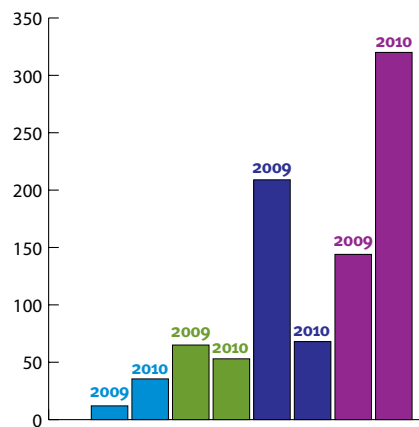


Figure 4. Median FTE employees, 2009 and 2010.

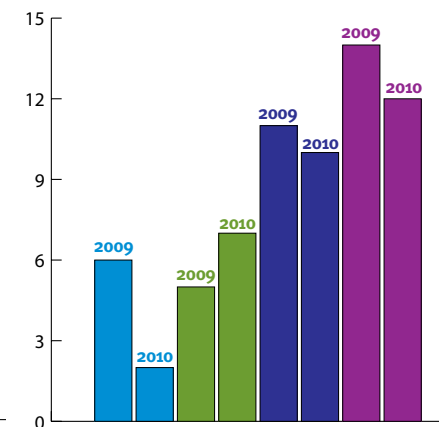


Figure 5. Median hospital contracts, 2009 and 2010.

greater collections) helped to boost per-radiologist revenue.

Due to a poorly worded survey question regarding teleradiology activity, we believe that we might have confused many practice respondents with our request for final and preliminary teleradiology numbers. We had hoped to quantify teleradiology activity outside the realm of hospital contracts, but so many practices today are using teleradiology in serving their hospital clients that the question was probably misunderstood by some respondents. We will make an attempt to clarify this next year, but meanwhile, we have chosen to publish the numbers that we received (however confusing).

What was clear is that the nation's largest practices appear to be leveraging their size and resources to provide their own in-house night and subspecialty coverage. Last year, 10 practices reported outsourcing night coverage or using a combination of in-house and outsourced night coverage. In 2010, only two of the

nation's 50 largest practices reported outsourcing a portion of their night coverage.

Conclusion

We are seeing some consolidation of imaging centers in the hands of larger practices, which may be better equipped to deliver the management expertise and efficiencies required to succeed in the outpatient imaging market (the target of severe reimbursement cuts during the past five years).

We continue to see growth in the average size of the largest practices, which increased to 52.7 from 48.5 radiologists in 2009. Median size in each of the four practice-size categories increased, over 2009 size, in three of the four categories. For the fourth group, practices with 50 to 65 radiologists, the median was 57 in 2009 and 55 in 2010.

Just one practice reported having more than 80 radiologists, and three groups had 80 radiologists, raising this question: Is there an optimal size for

private radiology practices? Is there a ceiling? Will more practices come closer to having 100 radiologists next year, or is that the exclusive domain of corporate teleradiology practices?

As readers consider these questions (and others that might arise in reviewing the numbers), we would like to remind them that this information would not exist without the generous contributions of the participating practices' representatives, to whom we are, once again, very grateful. As the survey grows and more practices participate, we hope to rank not just the largest 50 private radiology practices; next year, we hope to list the largest 75.

RB

Cheryl Proval is editor of Radiology Business Journal and vice president, publishing, imagingBiz, Tustin, California. The sponsors gratefully acknowledge the support and patience of Laura Tierney, manager, health care, LarsonAllen LLC, Minneapolis, Minnesota, who provided the computations for this survey.