

# Case Study

## California Managed Imaging

Ventura, CA

### The Benefits of Independence: A Merge-Light Success Story, Part 2

Done correctly, radiology mergers can have a dramatic and positive impact on operations, and organizations are embracing the strategic merger concept while eschewing traditional asset transfer deals. The goal? Reduce the cost and complexity of a transaction while preserving the benefits of independence, which also allows each individual practice of the merged entity to still “eat what they kill” and be financially rewarded for their hard work.

Merge light agreements give groups the opportunity to share a tax ID number, a board of directors, and an executive committee while retaining their original compensation, benefits, and management structures.

Part two of this series illustrates how two competing radiology groups successfully and harmoniously merged together while maintaining their autonomy, reducing procedural and operational touch points, and streamlining contracts.

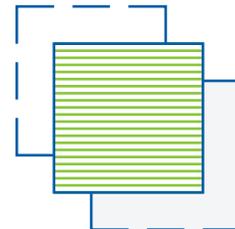
### Merge-Light Case #2

#### San Luis Imaging Medical Group Joins CMI

When RASLO and PRMG came together to form CMI in 2010, San Luis Imaging Medical Group (SLIMG) owned and operated San Luis Diagnostic Center in competition with RASLO, a group with more than 10 radiologists on staff. Subsequently, SLIMG sold San Luis Diagnostic Center to Dignity Health’s local hospital (French Hospital) and retained the professional contract so it could continue to provide professional radiology coverage at the facility.



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## Once a Competitor, Now an Equal Shareholder

SLIMG joined CMI on January 1, 2018, becoming equal shareholders in CMI with other RASLO and PRMG radiologists, and including a seat on the CMI board. Like RASLO, SLIMG assigned its professional radiology contract for San Luis Diagnostic Center to CMI with an exclusive radiology services agreement to provide the professional coverage at San Luis Diagnostic Center going forward, and continues to operate at the San Luis Diagnostic Center independently. SLIMG has the right to leave CMI at any time with the merger-light agreement.

## Immediate Improvement

After two months, SLIMG saw a decrease of 38% in its malpractice premiums, and increased its revenue more than 15%, with expected increases of approximately \$100,000 per SLIMG shareholder radiologist. In mammography codes alone, SLIMG has seen a 50% increase in reimbursements averaged across all carriers.

## The Role of RCM Technology

The revenue cycle and practice management challenges facing radiology groups today continue to grow more complex, especially in a merger agreement. With Zotec Partners, the largest privately-held radiology revenue cycle management provider in the U.S., PRMG was able to strategically view organized data for a very informed business decision, which allowed it to ultimately merge with RASLO and create CMI.

According to Wayne Baldwin, CEO of CMI, it was important for PRMG to get ahead of the curve, with business guidance to consolidate and analyze both groups' fee schedules and determine a path forward for negotiating as a new group. He says, "We did an early data analysis with Zotec Partners to prepare for negotiations of new reimbursement contracts for the merged group. By doing so, we were able to renegotiate payer contracts right out of the gate, at the official legal onset of the merger."

Zotec's business intelligence and reporting analysis tools give groups the ability to locate and identify fee schedules, volumes of services performed by CPT code by payer, and billed charges by code. With this level of visibility and data, CMI continues to develop some of the best and most strategic reimbursed contracts in Southern California.

Baldwin adds of CMI's merger success, "By deploying the strategy that the "whole is greater than the sum of the parts," and using a weighted average aggregate payer approach, we find that everyone is winning."

### California Managed Imaging Ventura, CA

Number of locations:  
7

Number of physicians:  
52

CEO:  
Wayne Baldwin

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