

Offshoring and Radiology

Frank Levy, Massachusetts Institute of Technology

Ari Goelman, Massachusetts Institute of Technology

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U.S. CT scans and other medical images are increasingly sent offshore, but contrary to media reports, they are not being read by “cheap foreign doctors.” Rather, these images are sent to “nighthawk” firms whose radiologists are U.S.-board-certified and credentialed in the hospital where the image was taken—a necessity if the firm is to acquire malpractice insurance. The typical customer for these services is the emergency room of a small hospital that generates three or four images a night, too small a number to justify hiring a full-time night radiologist. While it is theoretically possible to require daytime radiologists to be on night call, the possibility of night call makes a job very undesirable and the U.S. radiologist market is very tight. In these circumstances, sending nighttime images to a nighthawk firm is an attractive alternative for hospitals. The nighthawk firm, in turn, keeps its rates competitive by serving multiple hospitals that keep the firm’s radiologists fully employed. U.S. radiologists’ ability to restrict foreign competition reflects, in addition to malpractice fears, radiologists’ professional power, insurance reimbursement regulations, and the cognitive structure of reading medical images that makes it difficult to monitor offshored work.