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# NextImage Medical of San Diego Aims to Lower Workers Comp Costs

[Denise Gellene 3/30/10](#)

Insurers spend \$30 billion annually on workers compensation claims; lost productivity saps another \$60 billion from the economy. San Diego-based [NextImage Medical](#) is focused on changing this picture by taking aim at a key bottleneck that adds to costs: delays associated with radiology exams.



Liz Griggs

CEO Liz Griggs says injured workers face waits of two to six weeks to get an appointment for an X-ray, MRI or CT scan, and to obtain the results—delaying diagnosis and the start of treatment. Time is money to insurers, because sidelined workers receive indemnity payments while they wait.

NextImage has developed a Web-based system for scheduling and managing diagnostic imaging services, and also has assembled a network of centers committed to reducing the delay to 24 hours. Quick turnarounds mean workers can get diagnosed and treated faster, so they can get back to their jobs more quickly. Indemnity payments are reduced.

Radiologists like the arrangement because it provides them with a steady flow of patients, Griggs says. "This is a win-win," she says. "Radiologists like to get the business and insurers like to reduce their costs and time."

The company, founded in 2008, has 50 employees and has received \$7 million in venture funding. Koleman Karleski of [Chrysalis Ventures](#), a key investor, said NextImage addresses a critical pressure point in the delivery of workers compensation benefits.

“Over 90 percent of claims filed result in some type of image being ordered. Almost everybody is going to get an MRI or CT, some type of image taken,” he says. “What that means is that Liz’s company is essentially the gateway for whatever type of downstream therapeutic action is going to be taken after the image.”

He adds, “It is a very relevant market within the workers compensation industry.”

It is a market Griggs knows well. Her previous company, One Call Medical, founded in 1993, also worked to streamline radiology services for workers compensation claims. It had revenue of \$140 million when she sold it several years ago for \$115 million.

Griggs says she got to work on NextImage as soon as her five-year non-compete clause expired. About \$1.2 billion is spent on workers comp-related radiological services annually, so there is plenty of room for NextImage to stake a claim. “The industry needs another player,” she says.

NextImage’s customers are workers compensation insurance carriers, such as Travelers Insurance or AIG; self-insured employers; and third-party administrators. They refer injured workers in need of radiological exams to a website operated by NextImage where they can make appointments at a radiology clinics or medical imaging and diagnostic centers that participate in the NextImage program.

The images are typically read at the centers where they are taken. When a second opinion is needed or a center is too busy, scans are read remotely by a back up radiologist. All images are stored electronically, which speeds their delivery to the treating physician.

To date, NextImage has recruited 2,000 imaging centers into its network, many of which are concentrated in California, where NextImage is focusing its initial efforts. Other key markets are Florida, New York, New Jersey, Texas, Pennsylvania and Illinois, all states with high volumes of workers comp claims.

NextImage has had little difficulty recruiting radiology centers. The imaging industry is overbuilt, and many centers operate at less than 50 percent of capacity, Griggs says. “Sometimes we are half of their business,” she says.

By negotiating volume discounts with imaging centers, NextImage can reduce medical costs related to radiology by half to two-thirds, Karleski says. By eliminating delays, NextImage also can reduce the time an injured employee is off the job by two to three weeks, saving several thousand of dollars in indemnity payments per case.

“When you add that up over the number of cases these insurers handle every year,” says Karleski, a member of NextImage’s board, “that’s a lot of money.”

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