

# Imagio® Financial Benefits Calculator

The purpose of this calculator is to help organizations considering a purchase of Imagio® evaluate the potential financial benefits in both revenue and net profit of their breast imaging business. Our calculations rely on provider-specific data about current screening-procedure volumes and mix of modalities utilized in both screening and diagnostic workups. We have used actual CMS reimbursement values as well as national average figures for other variables such as labor costs and biopsy revenues. We have developed the assumptions behind our models from published data, our own unpublished research, the feedback of breast care providers, and logic.

All our assumptions, as well as calculation notes, are available for review, and all assumptions and data inputs can be changed to values that are acceptable to the potential Seno purchaser. All data inputs are confidential and will not be shared with any third party.

## 1-Year Analysis for Memorial Hospital

### Estimated Annualized Financial Benefits (Simplified Impact: Only Direct Financial Benefits)\*

|  |  |                |
|--|--|----------------|
| 1 <sub>a</sub>                                       | Total cost of Imagio®  | \$300,000      |
| 2 <sub>a</sub>                                       | Increased revenues from Imagio®                                | \$89,667       |
| 3 <sub>a</sub>                                       | Pure revenue-based payback period in months for Imagio®        | 40.1           |
| 4 <sub>a</sub>                                       | Annualized cost of Imagio® plus services (5-year depreciation) | \$84,000       |
| <b>Annualized Direct Revenue Impact From Imagio®</b> |  | <b>\$5,667</b> |

### Estimated Annualized Financial Benefits (Full Breast Imaging Business Impact)

|   |  |                  |
|---|--|------------------|
| 1   | Increased breast imaging market share (includes recapture of national average patient leakage) | 3%               |
| 2   | Percent increase in positive biopsy results (accuracy)**                                       | 43%              |
| 3   | Reduction in number of negative biopsies   | 191              |
| 4   | Staff hours saved due to reduction in biopsies***  | 286              |
| 5   | Cost of staff hours saved on biopsies (may be used elsewhere)****                              | \$34,531         |
| 6   | Plus increased annual breast imaging revenues  | \$254,266        |
| 7   | Plus new Imagio® OA revenues   | \$89,667         |
| 8   | Minus lost core biopsy revenues  | \$164,794        |
| 9   | Net annual revenue impact, plus biopsy staff costs saved                                       | \$213,671        |
| 10  | Minus variable cost changes  | \$17,914         |
| 11  | Minus net annual cost of Seno Imagio®*   | \$84,000         |
| 12  | Minus additional payments to outside radiologists  | \$0              |
| <b>Breast Imaging Business Annual Net Profit Impact</b> |  | <b>\$111,757</b> |

If you have questions or want to speak with a representative to discuss the financial benefits of implementing Imagio® at your facility, please call **(210) 615-6501**.

\* Estimated based on the number of screening procedures entered, using the historical relationship between screening and diagnostic procedures from the Vlahiotis study; OR, input the actual historical figures.

\*\* Estimated based on the number of diagnostic procedures entered, using the historical relationship between biopsies and diagnostic procedures from the Vlahiotis study; OR, input the actual historical figures.

\*\*\* Assumes that every biopsy requires 30 additional minutes of radiologist time, 30 additional minutes of US/mammography tech time, and 30 minutes of patient appointment scheduler time.

\*\*\*\* Per Salary.com, radiologists make on average \$454,000 per year in the U.S., an hourly average salary of \$218 assuming 2080 hours yearly. With benefits, that is \$280/hour. Patient appointment schedulers make \$20 total cash compensation per hour in the U.S. With benefits, that is \$26/hour. Talent.com says that ultrasound techs make \$42/hour, plus 32% benefits = \$55/hour; and mammography techs make \$43/hour, plus 32% benefits = \$57/hour. Therefore, the average tech cost is \$56/hour.

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## 5-Year Analysis for Memorial Hospital

### Five-Year Financial Projections, Low Scenario

|                                      | Base Year   | Year 1      | Year 2      | Year 3      | Year 4      | Year 5      |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Revenues</b>                      | \$9,066,196 | \$9,175,493 | \$9,366,913 | \$9,454,962 | \$9,543,839 | \$9,633,551 |
| <b>Costs</b>                         | \$6,346,337 | \$6,448,116 | \$6,448,789 | \$6,449,342 | \$6,449,912 | \$6,450,500 |
| <b>Profits</b>                       | \$2,719,859 | \$2,727,377 | \$2,918,124 | \$3,005,620 | \$3,093,926 | \$3,183,051 |
| <b>Change from Base Year Profits</b> |             | \$7,518     | \$198,266   | \$285,761   | \$374,068   | \$463,192   |
| <b>Profit Margin</b>                 | 30%         | 30%         | 31%         | 32%         | 32%         | 33%         |

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**Assumptions:** Months to full adoption of Imagio: 9 mos., see below • Months to full market share increase: 12 mos., see below • Overall changes in market volumes: 3% • Change in revenue, OA procedure: see below • Annual change in revenue, other procedures: -2%

**Notes:** Base Year is the most recently completed full business year; Year 1 is the 12 month period beginning at first use of Seno Imagio; years 2-5 are the following 12 month periods.

1. Revenues grow as Imagio® customer market share increases over the first 12 months of use, and the market itself grows by 3% annually, but are reduced by a 2% annual reduction in revenue per procedure. 2. Costs increase at the variable rate shown in Full Data Inputs, but these variable cost increases are offset by a reduction in variable costs due to biopsy procedure reductions. 3. Calculation. 4. Calculation. 5. Calculation. 6. Imagio® adoption in Year 1 is 30% month 1, 40% month 2, 40% month 3, 50% month 4, 60% month 5, 70% month 6, 80% month 7, 90% month 8, 100% month 9-12. 7. Overall market share increases at a steady rate over the first 12 months of Imagio® use to the percentage increase shown on Full Data Inputs worksheet, cell C87. 8. Overall procedure volumes (affecting all providers) increase at 3% per year starting in Year 2. 9. In Year 1 OA revenue per procedure (RPP) is shown in the Low Scenario of the Full Data Inputs worksheet. In Year 2 OA RPP increases to the High Scenario; thereafter OA RPP falls 2% per year. 10. Starting in Year 2, all other procedure RPP falls 2% per year.