2nd Quarter 2017 Outlook
April–June

Prepared For:
imagePRO™ Member Panel
April 2017
Why was MICI created?

The MarkeTech Group and AHRA collaborated on the creation of MICI based on the belief that measuring the confidence of US medical imaging administrators on a regular basis would provide a valuable index for those having an interest in this industry.

The MICI panel consists of a select group of imagePRO™ panel members from around the U.S. representing different hospital sizes and geographic locations to capture a true “industry outlook”: how imaging administrators see the future of medical imaging in regard to revenues, costs, purchasing, and growth.

This exciting initiative captures the “mood” of imaging administrators on a quarterly basis regarding the state of medical imaging in the U.S. It also provides a unique statistical index that is likely to attract a lot of attention from those following this industry.

What is imagePRO™ and why is it important?

imagePRO™ was created by The MarkeTech Group to provide a professional community for imaging administrators to participate in studies aimed at advancing the development of medical imaging technology.

The imagePRO™ panel is a true community of industry professionals and is the leading opt-in panel of this industry. Members are subjected to strict enrollment requirements to represent the voice of their peers and to be part of a group of professionals whose knowledge and input is important.
Index Methodology

177 imaging directors/managers of hospitals completed the 3-minute Web survey regarding their perception of medical imaging trends for the second quarter of 2017.

Scores
measure the level of confidence, and range between 0 to 200. The score interpretation follows:
- Below 50 is extremely low confidence
- 50 to 69 is very low confidence
- 70 to 89 is low confidence
- 90 to 110 reflect an ambivalent score (Neutral)
- 111 to 130 is high confidence
- 131 to 150 is very high confidence
- Anything above 150 is extremely high confidence

Hospital bed size:
- 46% Under 100
- 36% 100-299
- 18% 300 or more
Index Methodology

**Results**

*are reflective of national trends because of the manner in which participants were invited to participate.*

- Participants were recruited by region and number of beds to reflect known AHA incidence.

- Once the final counts were confirmed there was some statistical adjustment—weighting—to ensure the index reflects the U.S. hospital imaging market. This type of adjustment is common when estimating overall market share, trends, and attitudes.

**Recruitment**

*accounts for about 90% of correct hospitals and regions to reflect the U.S. hospital market.*

- While relatively minor in magnitude, the weighting accounts for the final 10% to refine the estimates and ensure they represent the U.S. hospital market.

- This refinement is necessary to create an index that truly represents how radiology departments view the economic outlook for the current quarter and will ensure that subsequent MICI results are valid.
Index Methodology

Regions

- Pacific: 11%
- Mountain: 5%
- West North Central: 15%
- East North Central: 22%
- South Atlantic: 16%
- Mid-Atlantic: 13%
- East South Central: 8%
- West South Central: 11%
Staff costs to remain constant, growth in volume and profit

<table>
<thead>
<tr>
<th>Topic</th>
<th>Score Mean</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will grow monthly in diagnostic and interventional radiology</td>
<td>115</td>
<td>High confidence</td>
</tr>
<tr>
<td>Receive adequate reimbursement from Medicare for diagnostic and interventional imaging</td>
<td>79</td>
<td>Low confidence</td>
</tr>
<tr>
<td>Internal operating and staff costs will remain constant</td>
<td>136</td>
<td>Very high confidence</td>
</tr>
<tr>
<td>Will have access to capital for imaging equipment and IT needs</td>
<td>100</td>
<td>Neutral</td>
</tr>
<tr>
<td>Will maintain/grow as a profit center</td>
<td>129</td>
<td>High confidence</td>
</tr>
<tr>
<td>Composite score across all areas</td>
<td>111</td>
<td>Neutral</td>
</tr>
</tbody>
</table>
Hospitals with **100 or more beds are more confident** that **growth in diagnostic / interventional radiology** will occur. Hospitals with **100 to 299 beds are more confident in growth as a profit center** than hospitals with less than 100 beds.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Under 100 beds</th>
<th>100 to 299 beds</th>
<th>300 or more beds</th>
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<tbody>
<tr>
<td>Will grow monthly in diagnostic and interventional radiology</td>
<td>104</td>
<td>122</td>
<td>129</td>
</tr>
<tr>
<td>Receive adequate reimbursement from Medicare for diagnostic and interventional imaging</td>
<td>78</td>
<td>81</td>
<td>80</td>
</tr>
<tr>
<td>Internal operating and staff costs will remain constant</td>
<td>136</td>
<td>137</td>
<td>135</td>
</tr>
<tr>
<td>Will have access to capital for imaging equipment and IT needs</td>
<td>102</td>
<td>97</td>
<td>98</td>
</tr>
<tr>
<td><strong>Will maintain/grow as a profit center</strong></td>
<td>119</td>
<td><strong>141</strong></td>
<td>131</td>
</tr>
<tr>
<td>Composite score across all areas</td>
<td>107</td>
<td>114</td>
<td>113</td>
</tr>
</tbody>
</table>
Regional differences: While none of the differences are statistically significant

The Mountain region has **very high confidence** in growth in diagnostic and interventional radiology.

Atlantic, North Central, and East South central regions have **very high confidence** that internal operating and staff costs will remain constant.

East North Central, West South Central, and Mountain regions have **very high confidence** in growing as a profit center.

The East South Central region has **very low confidence**; while the other regions have **low confidence** about receiving adequate reimbursement from Medicare.

East South Central region has **very low confidence** in access to capital for equipment.

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<td>Composite score across all areas</td>
<td>108 109 118 111 97 113 119 105</td>
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Summary

1. There is **high confidence** in the growing of diagnostic and interventional radiology, staff costs will remaining constant, and growing as a profit center.

2. There is **concern** about receiving adequate reimbursement from Medicare.

3. Hospitals with 100 or more beds are **more confident** in growth of diagnostic / interventional radiology. Hospitals with 100 to 299 beds are **more confident** in growth as a profit center than hospitals with under 100 beds.

4. The Mountain region has **very high confidence** in growth in diagnostic and interventional radiology. Atlantic, North Central, and East South central regions have **very high confidence** that internal operating and staff costs will remain constant. East North Central, West South Central, and Mountain regions have **very high confidence** in growing as a profit center.

5. The East South Central region has **very low confidence**; while the other regions have **low confidence** about receiving adequate reimbursement from Medicare. The East South Central region has **low confidence** in access to capital for equipment.
Q2-2017 Member comments on ACA and Healthcare politics

Uncertainty / Concerns about ACA and Healthcare:
- So much is up in the air and changes are coming some good some bad.
- The only question that comes to mind is what will happen with new leadership?
- It will be a challenging future in Healthcare.
- The outlook for all businesses is changing with the current change in the federal government. Many areas have already reflected this positive trend for growth as seen by the stock market increases, overall jobs increases, etc. This administration fully understands what it takes to run a business. Although a medical facility is geared toward helping all people, it is still a business and must be run as such to see profitability.
- Just a note that pending changes for healthcare by congress are an extreme concern.
- Concern over the AHCA proposals is slowing and stopping investment in people and capital for our hospital as a whole and Imaging/Cath Lab areas in particular.
- Experiencing overall decrease in patient visits due to recent political concerns and patients not wanting to spend deductible requirements at 'this time.
- Volume and patient load are strong. The changes coming from the new president leave an uncertain business setting.
- Current political climate in DC could cause sudden changes, but for the long term, I still expect to see growth within my current service area.
- A great deal of uncertainty regarding reimbursement and insurance coverage exists for the months ahead based on decisions in Washington.
- Capital dollars in our system are still not being released. The political uncertainty of repeal and replace is also keeping us at a standstill volumes overall continue decline as patients face high deductibles.
Q2-2017 Member comments on Growth and Reimbursement

Comments on growth:

- We do anticipate some growth but we also expect any growth to be gradual, even with capital investments being made to upgrade technology. ROI is nothing as it was even 5 years ago. Investments will be in basic, Bread-and-butter equipment, enough to perform good quality but not to set the pace for our market area.

- Rural hospitals are struggling with lost referral patterns in interventional radiology. With a multitude of full asset mergers penetrating the health care landscape, competition from large networks with access to endless capital has become an increasing challenge.

- We are marketing and picking up more referrals than ever before.

- We are seeing some growth in volumes due to shifting referral patterns.

- Historically, the second quarter is very good for our system.

- Expect April, May and June to be one of our highest volume quarters.

- I believe we will continue to see strong volumes, but the reimbursement continues to drop.
Quarter-to-Quarter analysis

**Results** are now shown for Q3 2015 through Q2 2017.

- Comparisons are presented to show any trending of the data over a one year period.

**Analyses** are based on between group analysis of variance (ANOVA) where participant’s scores are compared over time to determine if changes occur.
Quarter-to-Quarter analysis Q1-2017 through Q2-2017

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<tr>
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<td>125</td>
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<td>Composite score across all areas</td>
<td>110</td>
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No statistically significant differences in confidence for any of the MICI scores between Q1 and Q2 2017.
Quarter-to-Quarter analysis
Q3-2015 through Q2-2017

Average MICI Scores

TRENDING:
Growth as a profit center has higher confidence in Q2 2017 compared to Q3 2016. No significant differences in all areas from Q1 to Q2 2017.

Marginal of error: ±8 percentage points
Quarter-to-Quarter analysis
Q3-2016 through Q2-2017

Average MICI Scores

Grow monthly
Receive adequate reimbursement
Costs remain constant
Access to capital
Maintain/grow as a profit center

Under 100 beds
100 to 299 beds
300 or more beds

Margin of error: ±8 percentage points

For details on MICI scores by bed size – please click on underlined links, or go to Appendix B.
Quarter-to-Quarter analysis
Trend Summary

**Overall:**
Higher confidence in *growth as a profit center*

In aggregate, *higher confidence* in Q2 2017 compared to Q3 2016.

**Under 100 beds:**
Higher confidence in *growth as a profit center*

*Higher confidence* in Q2 2017 compared to Q3 2016.

**100 to 299 beds:**
*No change* in confidence

*No changes* in MICI between Q2 2017 and Q3 2015.

**300 or more beds:**
*No change* in confidence

*No changes* in MICI between Q2 2017 and Q3 2015.
Study & report have been conducted & brought to you courtesy of:
Appendix: April to June 2017 results

APPENDIX A - Questionnaire

**Grow monthly in diagnostic and interventional imaging**

Over the next three months, I am very optimistic that our department:

- **S1Q1.** will grow monthly study volumes in Diagnostic imaging modalities (X-ray, Ultrasound, MRI, CT and NM).
- **S1Q2.** will grow monthly study volumes in Interventional imaging modalities (biopsy, angio cath lab, etc.).

**Receive adequate reimbursement from Medicare for diagnostic and interventional imaging**

Over the next three months, I am very optimistic that our department:

- **S1Q3.** will receive adequate reimbursement from Medicare for Diagnostic imaging studies.
- **S1Q4.** will receive adequate reimbursement from Medicare for Interventional imaging procedures.

**Internal operating and staff costs will remain constant**

Over the next three months, I am very optimistic that the imaging department:

- **S2Q1.** internal operating expenses (not including staff costs) will remain constant.
- **S2Q2.** internal staff costs will remain constant.
Appendix:
April to June 2017 results

APPENDIX A - Questionnaire

Will have access to capital for imaging equipment and IT needs
Over the next three months, I am very optimistic that our department:

S3Q1. will have access to capital/credit to fund investments in new imaging equipment and the costs associated with Imaging capital projects (e.g. siting & construction costs).

S3Q2. will have access to capital/credit to fund investments in areas outside of imaging equipment, such as PACS, RIS, or other imaging-related IT needs.

S3Q3. will have access to capital/credit to fund investment in imaging facility expansion, if desired.

Will grow as a profit center
Over the next three months, I am very optimistic that our department:

S4Q1. will continue to maintain/grow Diagnostic imaging services as a profit center.

S4Q2. will continue to maintain/grow Interventional imaging services as a profit center.
Appendix:  
Q3-2015 through Q2-2017 results

**APPENDIX B**

Graphs are presented by number of beds to show MICI for all quarters.

Interpretation is by number of beds—any changes across quarters are identified as being significant.

If no changes are identified then differences that might appear are due to random fluctuation in responses over time and should not be considered real.
Appendix: Q3-2015 through Q2-2017 results

![Graph showing average MICI scores for hospital bed size: Under 100 beds]

- **Will grow monthly in diagnostic and interventional radiology**
- **Receive adequate reimbursement from Medicare for diagnostic and interventional imaging**
- **Internal operating and staff costs will remain constant**
- **Will have access to capital for imaging equipment and IT needs**
- **Will maintain/grow as a profit center**
- **Composite score across all areas**

**Under 100 beds:** Growth as a profit center have higher confidence in Q2 2017 compared to Q3 2016. No changes in MICI between Q2 and Q1 2017.
Appendix: Q3-2015 through Q2-2017 results

Average MICI Scores

Hospital bed size: 100 to 299 beds

- Will grow monthly in diagnostic and interventional radiology
- Receive adequate reimbursement from Medicare for diagnostic and interventional imaging
- Internal operating and staff costs will remain constant
- Will have access to capital for imaging equipment and IT needs
- Will maintain/grow as a profit center
- Composite score across all areas

100 to 299 beds: No changes in MICI Q2 2017 since Q3 2015. No changes in MICI between Q2 and Q1 2017.
Appendix:
Q3-2015 through Q2-2017 results

300 or more beds: No changes in MICI Q2 2017 since Q3 2015. No changes in MICI between Q2 and Q1 2017.
Appendix: Q3-2015 through Q2-2017 results

Will grow monthly in diagnostic and interventional radiology: Hospital bed size

- Under 100 beds
- 100 to 299 beds
- 300 or more beds

Back to Hospital bed size summary
Appendix: Q3-2015 through Q2-2017 results

Receive adequate reimbursement from Medicare for diagnostic and interventional imaging: Hospital bed size

- Under 100 beds
- 100 to 299 beds
- 300 or more beds

Back to Hospital bed size summary
Appendix:
Q3-2015 through Q2-2017 results

Internal operating and staff costs will remain constant: Hospital bed size

Back to Hospital bed size summary
Appendix: Q3-2015 through Q2-2017 results

Will have access to capital for imaging equipment and IT needs: Hospital bed size

- Under 100 beds
- 100 to 299 beds
- 300 or more beds

Back to Hospital bed size summary
Appendix: Q3-2015 through Q2-2017 results

Will maintain/grow as a profit center: Hospital bed size

Quarter
Under 100 beds 100 to 299 beds 300 or more beds

3rd quarter 4th quarter 1st quarter 2nd quarter 3rd quarter 4th quarter 1st quarter 2nd quarter

2015 2016 2017

Back to Hospital bed size summary