



Magnify Your MR Potential

Investigate an evidence-based approach to understanding your MR market

Magnetic resonance imaging continues to expand with changing demographics, technology advances and rising consumer needs. According to The Advisory Board Company, this trend should continue. By 2010, it is estimated that 10.4 million outpatient MR procedures will be performed in the United States, with a 10-year CAGR of five percent. One of the fastest growing MR procedures is expected to be breast MRI, with a projected volume of one million procedures in 2010, up from 130,000 in 2005. This represents a ten-fold increase, or four percent of total MR procedures.

Roughly 38 percent of U.S. hospitals lack their own MRI machines, while only 10 percent do not have CT (computed tomography) equipment. Not having access to an MRI through a local hospital can create accessibility issues for the community and often require patients to travel long distances outside their communities for care.

To help hospitals assess their market readiness for a new MR system, GE Healthcare's Performance Solutions developed a comprehensive and data-driven approach. Using reliable market intelligence sources, Performance Solutions helps clients answer a frequently asked question: Is there a business case for investing in a new MR system based on valid market and feasibility studies?

Finding the right answer begins with a deeper understanding of the hospital's existing market and potential opportunities. The Performance Solutions team works closely with their hospital partners to develop a market assessment for MR that reviews four major areas: market, financial, operational readiness and MR installation and training.



Market assessment case profile

An academic medical center in the Northeast began to evaluate plans to augment their existing infrastructure with additional MRI technology. The hospital's leadership team wanted to better understand their current MR market and potential for growth. Before adding a major imaging system, they also wanted to assess their operational readiness from an access and service standpoint.

Through a focused consulting engagement with GE Healthcare's Performance Solutions, the hospital found their primary market was growing at 39 percent annually, with 58 percent MR market share. Performance Solutions helped analyze the hospital's primary and secondary service areas to assess the current market share and projected MRI growth patterns.

The main deliverables for the project included:

- Market analysis of outpatient MR volumes and trends;
- Analysis of local MR procedure mix and growth;
- Competitive and saturation analysis;
- Interviews with the top referring physicians;
- MR backlog assessment;
- MR "no show" assessment;
- Report turnaround times analysis;
- MR capacity and utilization analysis; and
- Financial model.

The operational analysis looked at current MR systems at both the main hospital and ambulatory locations. Analysis revealed an opportunity to improve current patient flow through radiology, as well as an urgent need to reduce no shows and backlog to acceptable levels, creating more capacity and avoiding lost revenues.

A market analysis of the proposed new MR location revealed that MRI procedures were expected to grow 38 percent over the next five years to approximately 14,400. Breast MRI's were expected to double, growing 98 percent over the next five years. In 2007, the hospital had an estimated 65 percent MR market share in the proposed new location (or almost 10,000 procedures). The capacity to capture 30 percent or more of the 4,000 procedure growth over the next five years, while maintaining the current 65 percent market share, led to the conclusion that the market is robust enough to support a new MRI system in that location.

As a result of the project, the hospital was projected to increase its MR market share by five percent, representing an estimated \$800,000 in additional revenue based on a utilization assumption of 75 percent. As part of the MR assessment, the Performance Solutions team reported that 75 percent of physicians interviewed said they would refer patients to the proposed new MR location.

"With GE's help, I was able to take a detailed look at market trends and our potential return on investment for the new MR technology we planned to purchase," says the physician executive in charge of leading this effort for the hospital. "The assessment process helped us to understand how much of the market we would need to capture in order to make this a profitable venture. We were also able to get some valuable assistance on the operational side. We found we could improve the implementation process by taking an early, proactive approach and focusing on the opportunity to streamline patient flow and reduce backlog for MR procedures." ■

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