

# NorthEast Monitoring, Inc.

*advancing Holter technology™*

## Adding Holter to Medical Practices

*White paper: The need for “speed”, how it drives ROI (Return on Investment), TCO (Total Cost of Ownership) and other financial metrics you should consider when evaluating Holter equipment.*

If you’re reading this article, then you’ve probably thought about owning your own Holter system. Maybe you bought a Holter system, but it hasn’t worked out the way you thought it would. So, what are the business parameters that drive a decision to own Holter systems? The financial analysis of adding Holter to your office practice is fairly straightforward – if you’re an accountant! In this presentation, we outline the key elements of the financial equation and give you some examples that will likely “bracket” your situation. After reading this, you should know roughly where you fit and if owning Holvers is right for you.

A number of questions arise when analyzing this investment:

- How quickly will a Holter system provide a return on my investment (ROI)?
- How much will it cost (capital)?
- What additional infrastructure is required to support the Holter system (staff, training, inventory, consumables, etc.)?

These are good questions. The answers to them will provide pieces of the complete puzzle. We’ve taken the time to put together a simple model that answers these questions for a wide range of practices – from a single practitioner with a Holter who sends scans out for analysis, to a large cardiology practice with many Holvers, satellite offices, data transmission capability and internal scan analysis technicians.

Inputs to this model come primarily from the decision maker. Basic information is required as to the type(s) of Holvers, levels of software, scans per month, number of technicians, use of an external scanning service, etc. Once this information is known, the costs for the various elements are allocated, using our MSRP prices for each item.

Next, this is combined with a set of general assumptions that are common to all capital investments. For example, depreciation time, training time required, time to analyze each scan, overhead or burden ratio, consumables, CPT reimbursements, etc.

This is where one of the most influential pieces of the puzzle lies. It is the total time required to analyze each scan and prepare the final report. This factor dramatically influences the financial equation. In fact, it “swamps” the seemingly more important factors like, the initial cost of the equipment. Let’s look at a mid-sized practice, defined here as five (5) recorders, twenty (20) scans per month, and an average time per scan of 1 hour. With all other factors being equal, paying 20% more for the products initially will result in earning 5.7% less after 3 years. However, taking 20% longer to

DR180+  
3-CH Holter  
Recorder



DR200/HE  
Holter Recorder



Holter LX  
Analysis Software



OxyHolter  
Recorder



LX Sleep Software



12-Lead Recorder



DR200/E  
Event Recorder



LX Event Software



Industry-leading  
3-year warranty

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analyze the scans will result in earning 15.6% less after 3 years!

The implication of this is that you should spend far more time evaluating the analysis software to assess its “ease of use” and “speed of use” than negotiating the last penny out of the cost of the Holter gear! Here are some questions that should guide that analysis.

- How long does it take to transfer the data from the media to the program?
- How long does it take to analyze (or re-analyze) the data?
- How much time is spent correcting the analysis with skilled (expensive) intervention to generate the report(s) you need?

These are the benchmark criteria that will net you bottom-line results in your practice!

Let’s look at some graphs that illustrate the ROI, Total Cost of Ownership and the Net Revenue over a three (3) year period. Note that the ROI for this Holter gear over a wide range of use paradigms is from 4-18 months – an exceptional ROI for capital equipment. However, if you choose a “dog of a system” as far as analysis software and time required to do an analysis balloons, your net revenue and the ROI crossover celebration could come much further into the future than you’d like!

For example, in a large practice that does the scans themselves, using our software an experienced scanning professional can do most scans in less than thirty (30) minutes. In this scenario (Figure 1), the ROI is at 4.5 months and the net after 3 years is \$169K. If the technician has to grapple with unfriendly and inefficient software, (Figure 2), the ROI point moves to over 6 months, and the net after 3 years drops to less than \$124K.

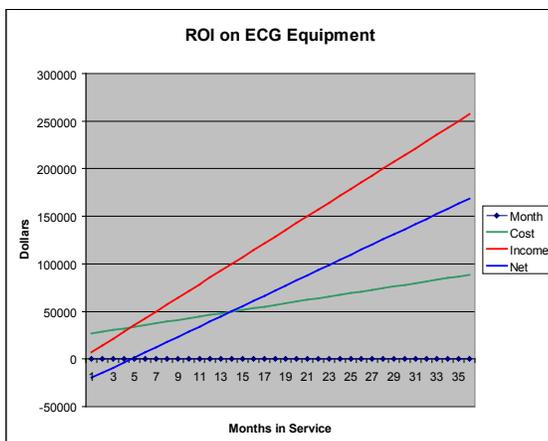


Figure 1. - Large practice does scans themselves (10 Holter, LX Enhanced Plus, 40 scans per month done in-house, 30 minutes)

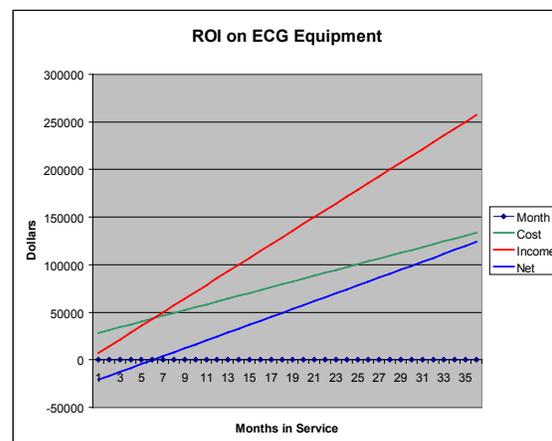


Figure 2. - Large practice does scans themselves (10 Holter, LX Enhanced Plus, 40 scans per month done in-house, 60 minutes)

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In a small practice the problem is exacerbated considerably. In this scenario (Figure 3), the ROI is at 18 months and the net after 3 years is \$9.5K. If the technician has to grapple with unfriendly and inefficient software, (Figure 4), the ROI point moves to over 24 months, and the net after 3 years drops to less than \$5K.

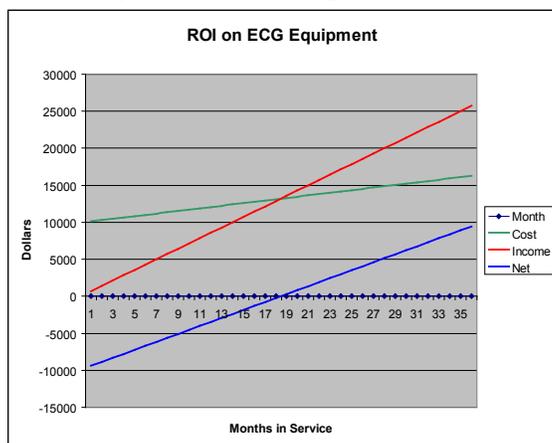


Figure 3. - Small practice does scans themselves (1 Holter, LX Enhanced Plus, 4 scans per month done in-house, 30 minutes)

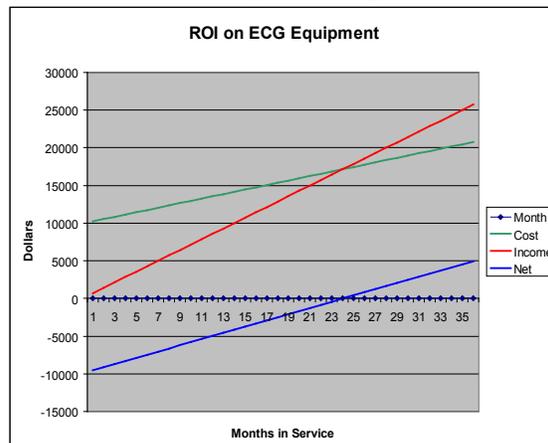


Figure 4. - Small practice does scans themselves (1 Holter, LX Enhanced Plus, 4 scans per month done in-house, 60 minutes)

A common configuration for many practices is to own the Holter gear, do the patient hook-ups, but contract out the analysis of the data to a Scanning Service. There are many permutations of this arrangement (lease the Holters, use the Service's Holters, etc.), however the fundamentals of the business are the same, only the reimbursement "pie" is divided up differently. Figures 5 and 6 show the data for a large practice and a small practice (respectively) that contract out the scans and report generation. When compared to doing the analysis in-house, the ROI points move to the right (5 months becomes 11 months for a large practice), the capital investment is smaller and the NET accumulates slower. However, the advantage is that the least "controllable" part of the process is outsourced at a fixed price-per-analysis. There is a lot to be said for predictability!

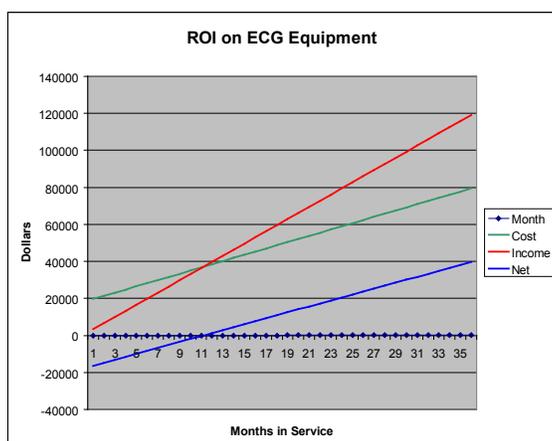


Figure 5. - Large practice uses scanning service (10 Holter, LX Basic, 40 scans per month done outside)

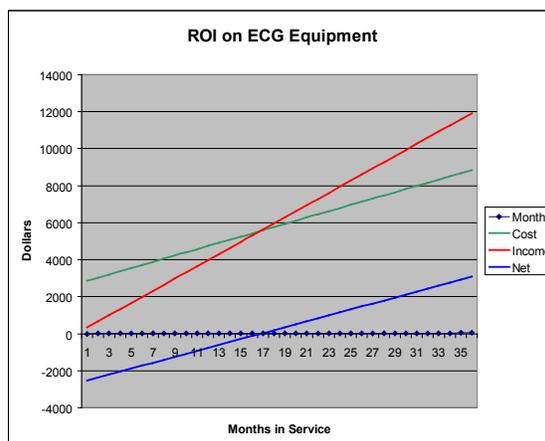


Figure 6. - Small practice uses scanning service (1 Holter, LX Basic, 4 scans per month done outside)

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Now let's take a closer look at the model.

Here are the inputs that are required.

Inputs from the USER  
Number of units:  
DR180+ 3CH  
DR180+ 12-lead  
OxyHolter  
DR200/HE  
DR200/E-a  
DR200/E  
Software configuration:  
LX Basic  
LX Enhanced  
LX Enhanced Plus  
LX Pro  
LX Event-S  
LX Event-M  
Number of Scans per month  
Use scanning service? Yes or No  
Number of Technician(s)

Here are the calculations.

Calculations:  
Costs per Month  
Fixed Costs  
Hardware  
Software  
Training (fully burdened)  
  
Variable Costs:  
Labor \$/month (fully burdened)  
Scanning service \$/month  
Consumables \$/month  
  
Gross Monthly Income  
  
Net Monthly Income

Here are the factors for which we've made assumptions.

Assumptions:  
Cost of scanning service      \$/Scan  
Technician rate                \$/hr  
Training time                    Hours  
Time per scan                    Hours  
Overhead ratio                    #  
Depreciation period            Years  
Consumable rate                 %  
CPT Codes    Code    Description  
93224    Recording, scanning analysis with report, physician review and interpretation  
93225    Recording (includes hook-up, recording and disconnection)  
93226    Scanning analysis with report  
93227    Physician review and interpretation

If you would like an electronic version (Acrobat pdf) of this white paper and/or the Excel (Microsoft xls) spreadsheet on which you can do your own analysis, please send us an email with your coordinates to [Info@NEMon.com](mailto:Info@NEMon.com) and we'll be glad to forward the information to you. Please include the following... Name, Company (optional), Address, Telephone number, and Email address.

NorthEast Monitoring's White Paper: "Adding Holter to Medical Practices"

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