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Is Refurbished Imaging Equipment Right for You?

By Whitney L.J. Howell | June 21, 2012



If you're looking to add another CT or MRI machine to your imaging suite or you need to replace one that will no longer pass muster under accreditation, you're likely juggling the question of whether to buy a refurbished machine.

Acquiring refurbished versions of these machines is a growing trend as practices and facilities grapple with concerns over decreasing reimbursement or consider the possibility of future consolidations. Technology advancements over the past five years — and the desire of some larger facilities to purchase the most up-to-date machines — have made CT and MRI machines increasingly available for refurbishment. These machines are best suited for refurbishment, although some less-expensive equipment — mainly ultrasounds — account for solid portion of pre-owned equipment purchases.

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"With CTs and MRs often being leased, you can get really high-end, latest-technology equipment for refurbishment after five years," said Sabine Duffy-Sandstrom, vice president of Refurbished Systems (U.S.) at Siemens Healthcare. "That's why CTs and MRIs are the leading modalities in refurbishment. Facilities tend to keep other machines, such as angiography, for a much longer time."

An Increase in Demand

If health care reform passes U.S. Supreme Court scrutiny this month, the industry anticipates approximately 37 million new patients will have access to clinical services. It's possible this uptick will translate into a 14 percent jump in diagnostic imaging utilization, according to a recent study based on Kaiser Permanente data from imaging consultant firm Regents Health Resources in Tennessee.

As a result, Regents president Brian Baker predicted imaging centers could run an additional half-million scans during the next decade, meaning you must find a way to meet the increase in demand. The good news, he said, is that you don't always have to purchase a new, \$1.5 million machine.

"You have to take a look at the entire market. The most advanced technology might be a 3T MRI machine, but you don't necessarily need it to accommodate your patient base or the kinds of exams your referring physicians are ordering," Baker said. "Often, we recommend refurbished equipment because it's so much better and faster than what they already have and it will help them better meet the standards of care without carrying the larger price."

The Refurbishing Process

It could be tempting to think of a refurbished machine simply as a used one with a proverbial new paint job. But that's not accurate, Siemens' Duffy-Sandstrom said.

"Everyone tends to use the word refurbished," she said. "So, when facilities are looking to buy not-new equipment, it's very important to understand the differences between original equipment manufacturer (OEM)-refurbished and non-OEM-refurbished.

"Third-party retailers can't test a system to the same standards the original manufacturer can. Only the OEM can run the refurbished system through the same test as when it was new, since the system's test protocols are proprietary information," Duffy-Sandstrom said. "Third parties also can't configure used equipment to the specifications the next customer wants, whereas an OEM can."

According to Duffy-Sandstrom, Siemens follows a five-step process when refurbishing equipment. First, the refurbishment team considers the machine's age, performance, and service history. They also check whether the machine's software and hardware can be upgraded and if service parts will be available for the next five years. Next, the team de-installs the machine and ships it back to a Siemens factory in its original packaging.

Machines are cleaned, disinfected, and painted; worn parts are replaced; hardware and software updates are installed; and the machine is reset to new customer specifications, she said. After passing a final check, refurbished machines receive a quality seal.

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The same Siemens team re-installs the machine, which carries the same warranty as a new machine, with the new customer and provides standard training.

Other companies, such as Philips and GE Healthcare, also refurbish their machines. Philips' five-step process is similar to what Siemens offers, and it focuses on bringing a wide range of modalities to customers looking to purchase updated machines on a budget, said Jim Moran, director of equipment remarketing for Philips Healthcare for North America.

On the other hand, purchasing a used machine from a third-party retailer is an option. There is no hazard to doing so, Moran said, but all updating processes are not created equal. It's akin to purchasing a used car — you must choose from what the dealer has on the lot.

"Not everyone can access the proper software and safety upgrades for all machines," he said. "This is a big investment so you want to make sure the refurbisher has sound processes. My guidance to clients is to go to the facility, oversee the process, and be mindful of whether the equipment looks new and has been brought up to current industry specifications."

Should You Choose A Refurbished CT or MRI?

One of the biggest considerations when purchasing a new-to-you CT or MRI machine is cost, so you must determine your budget. If you have the funds for a new system, then Duffy-Sandstrom said there is no reason to forgo such a purchase.

However, there are instances where choosing refurbished machines is preferable. For example, practices with a fixed budget that want to add more clinical capabilities can maximize their dollars with refurbished equipment. Often, refurbished machines cost 50 percent less than new ones. These updated CT and MRI machines are also good options for facilities with a specified pool of money to spend on several things. Buying something refurbished could make it possible to purchase everything on a list rather than only one or two items, Duffy-Sandstrom said.

Regents' Baker said he also advises practices and facilities to consider refurbished equipment if they want to add more capacity.

"In many cases, a refurbished machine can open opportunities. Practices can run longer schedules, have a better ability to accommodate patients, and get better image quality," he said. "This type of equipment is a reasonable investment that pays for itself rather quickly."

The savings from a purchase like this can be used in more tangible ways, Moran said. For example, some customers have shared that the money saved was used to create new, aesthetically-pleasing patient waiting areas.

Hospital Experience

When Carolinas Medical Center-Union (CMC-Union), part of the Carolinas Healthcare System in Charlotte, N.C., needed a 64-slice CT scanner, Joyce Bates, RT, CMC-Union's director of imaging and radiation oncology, considered refurbished equipment first.

"I had a certain amount of dollars to spend on this project, and the only way to get it done was to look at a refurbished machine," Bates said. "In my opinion, it's a no-lose situation. We've had zero problems with the machine. All the bugs have been worked out."

Several factors were important in her decision, she said. Not only did the refurbished machine have to come from a highly-reputable vendor, but the company must also provide applications training and a full, one-year warranty. In fact, she said, the warranty was the most important factor because it would cover any potential problems that might arise. In addition to being an excellent diagnostic machine, the refurbished equipment has also been a significant financial success for the hospital.

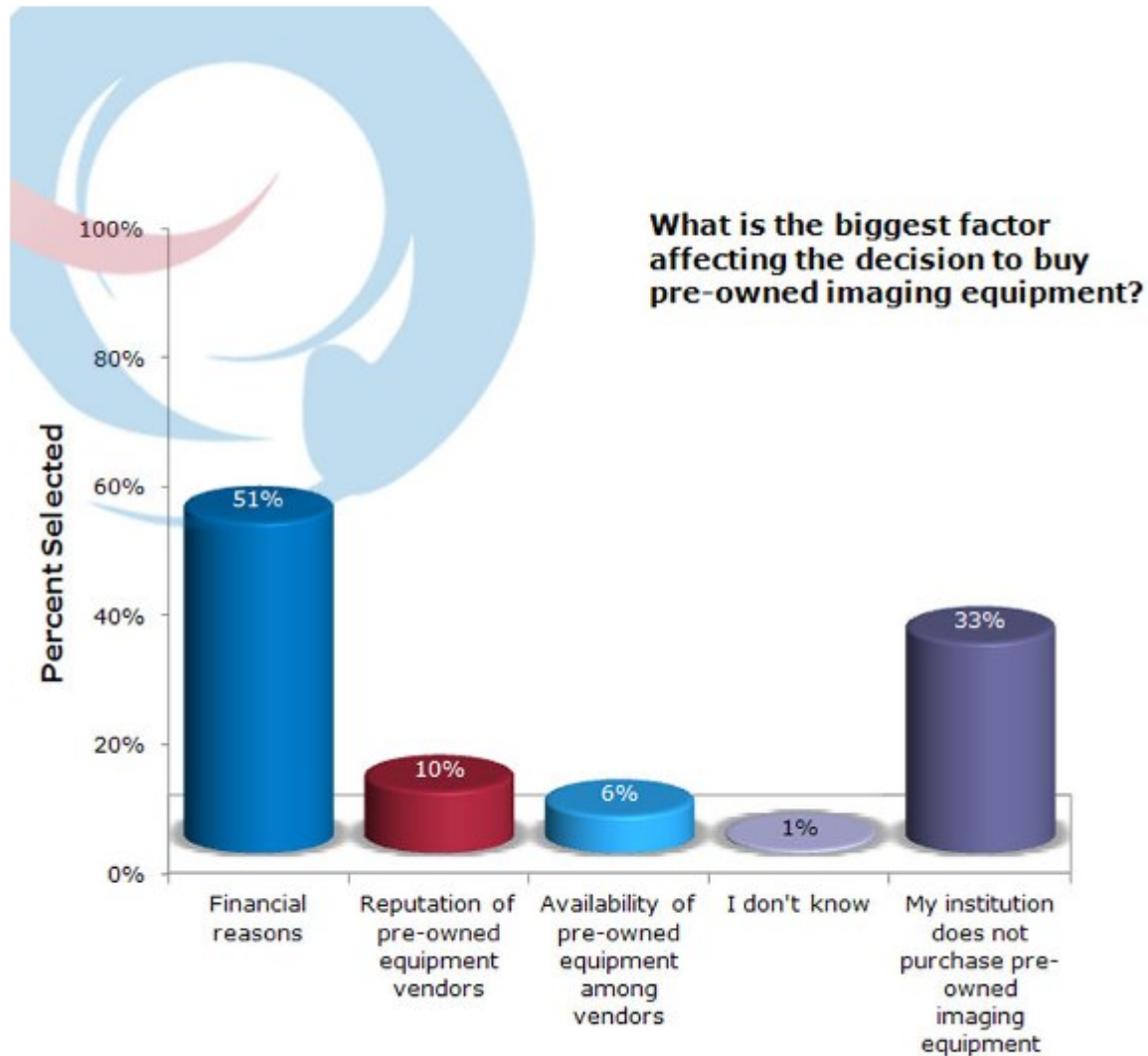
"A 64-slice CT scanner can cost anywhere from \$800,000 to \$1 million, and I didn't have nearly that in my budget," said Bates, who declined to name the vendor. "I had to save between 30 and 40 percent for my entire project, and up to 50 percent on the equipment. This refurbished scanner allowed me to do that."

What do hospital-based imaging director and managers have to say about pre-owned equipment? Check out their responses from the poll of the imagePRO panel.

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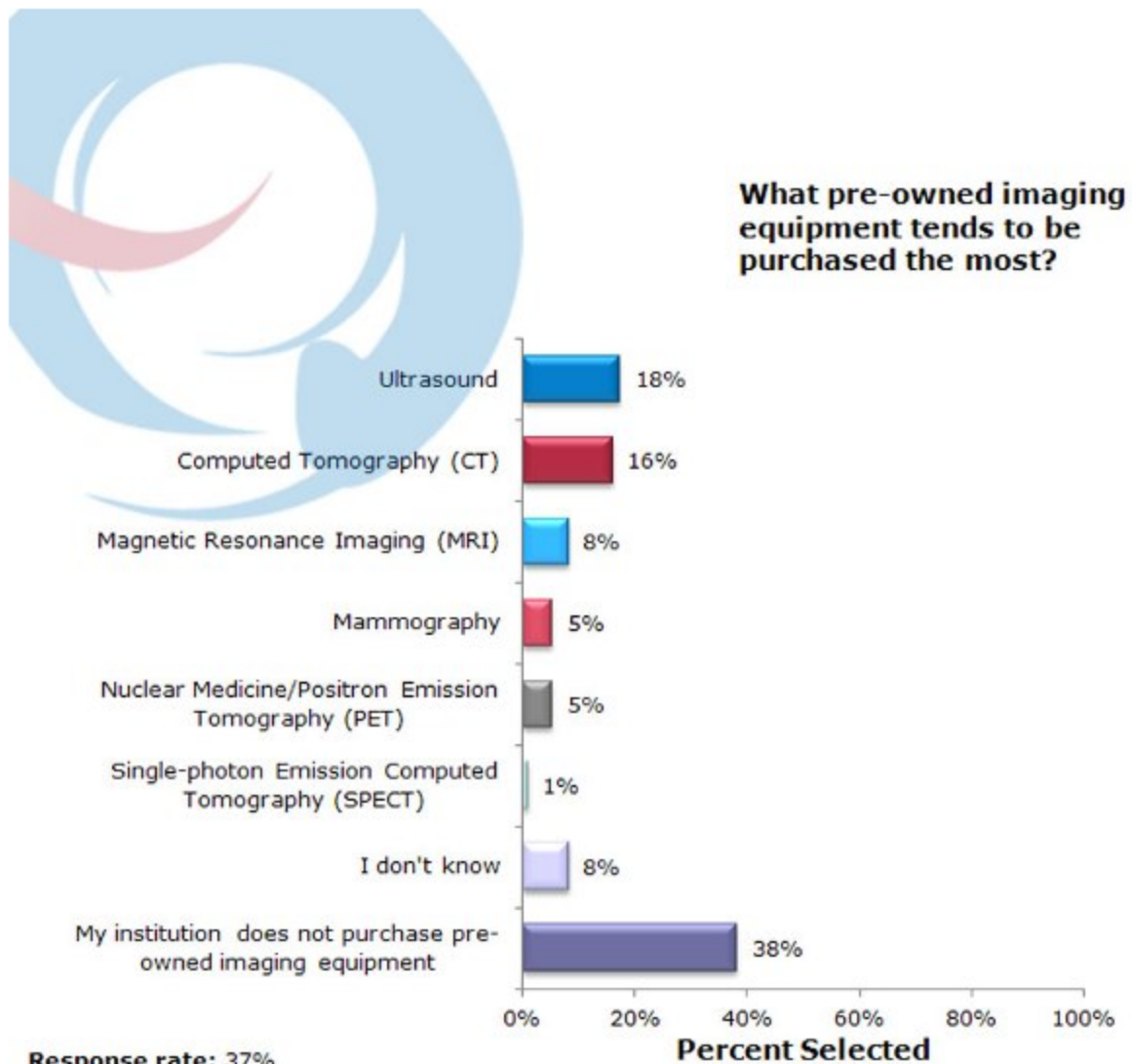
Diagnostic Imaging polled hospital-based imaging directors and managers on the The MarkeTech Group's imagePRO panel. The panel accurately represents the U.S. hospital market by bedsize and geographic areas.



Response rate: 37%
Margin of error: ± 7%
N: 208

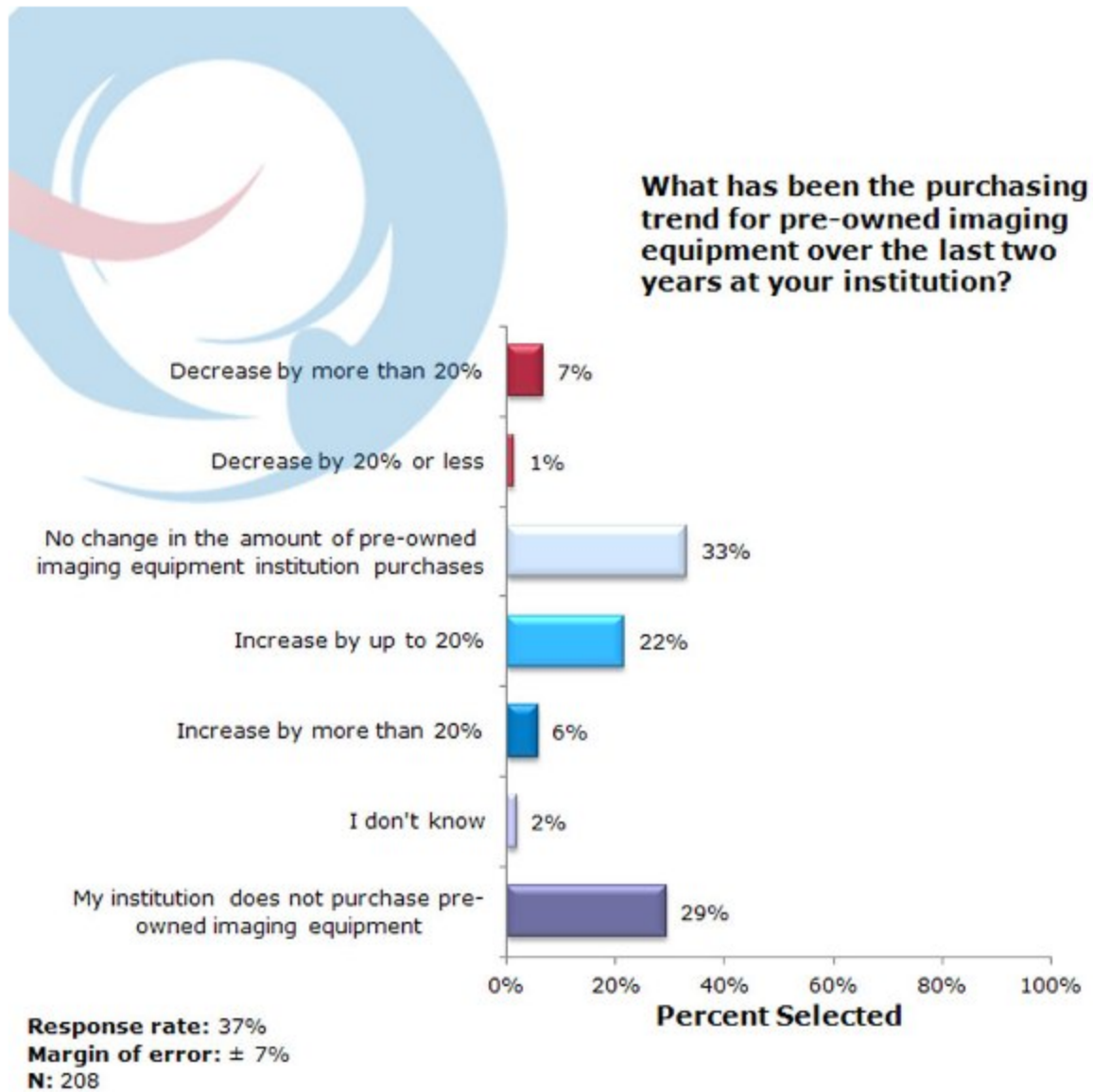
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