



IAMERS Newsletter

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March 18, 2009

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Letter from the President

Dear Members,

We are just back from our time in Vienna for the ECR. I must say the experience was torrential – literally. It seemed like I was soaked everywhere I went. Despite the rain, I'm glad to say that my time in Vienna gave me the opportunity to arrange for much of the European meeting in Rome this coming September. More on that later. We have many items on our agenda before September.

At present we are preparing for the IAMERS Annual Meeting in San Juan. We have a great agenda with a focus on Latin America as well as vital updates from the FDA; and more. Page 4 of this Newsletter will give you more information about the Annual Meeting. Additionally, the IAMERS website has detailed information about the meeting.

We are also undergoing a bit of a "face lift". As you can see, we have freshened up our logo AND we have a new website. Check it out and let us know what you think. www.iamers.org. Our thanks go to John Krieg for his work on the logo as well as the website.

We welcome your comments regarding the meeting in San Juan, and this most recent ECR reception in Vienna. Your input helps us to make improvements for the future.

I am looking forward to seeing many of you at the upcoming Annual Meeting in Puerto Rico. Being in a nice, warm place like San Juan for a few days will be delightful. I'm just hoping that it doesn't rain.

Cheers,

Diana



Weary travelers Phil Jacobus and Leon Gugel at the Vienna airport, waiting to return home from the ECR



Members gather at the IAMERS ECR Reception in Vienna

IAMERS @ ECR

It seems that more and more of our members are attending the ECR. While only five or six member companies took a booth, many more attended the show. The percentage of IAMERS members doing business on a global basis is increasing.

Like with the RSNA, we have a members reception at the ECR. It's always on the Sunday night of the ECR.

Events such as the ECR reception are almost exclusively paid for by sponsor money; without which we simply couldn't have such an event. The per-person charge for all of these receptions is a staggering amount of money.

We hope with events like this, to get new members. Please consider bringing people with you that you think might join the association. We do, however, ask that you not bring ex-members with you to IAMERS events.

We welcome your comments on this and other IAMERS events that you've attended. Your opinions help us better plan future IAMERS events.

Thanks to the 2009 ECR Sponsors

**Anders Jensen
Agito Medical**

**Dave Band
DBI Corp.**

**Leon Gugel
Metropolis International**

**Rob Manetta
Nationwide Imaging**

**Jeff Fall
Platinum Medical**

**Diana Upton
Quepos, Inc.**

ARRA Wayne Webster

When I first saw the acronym (ARRA) I thought the 1980's group ABBA was making a comeback. You remember them, the group from Sweden. Their recordings were in English but they didn't speak a word. Dancing Queen?

Now you got it. I know if you are a true music fan you didn't like them then and you don't like them any better now. I think after you understand the American Recovery & Reinvestment Act (ARRA) you'll find ABBA more tolerable than the ARRA.

Of the \$787 billion of our future tax dollars some \$20 billion is earmarked for health care IT. If you haven't done the math already the \$20 billion is 2.5% of the entire package. I don't know what they (our government) intends to spend this on, but I expect there will be some strings attached.

As with almost everything the Administration speaks about the FDA, CMS, NIH, the Banking system, Wall Street and Health Care, it's broken, shattered and in great need of fixing and adjusting. As I think about their proposed solutions, they're almost always simplistic and possibly akin to throwing a grenade into a room full of people. Usually, you don't get a good outcome.

I think offering money for Health Care IT without standards and goals for development means more disconnects within the system. I'm not saying we don't need improved IT. I agree with the need for electronic medical records or a national health care card that allows a medical facility caring for you to get all of your records from the WEB. This makes sense.

For example, last year a study was released showing that hospitals investing heavily in IT also lowered their patient death rate. That surprised me until I thought about it and realized they were using the data from IT reports from various departments and gaining an understanding that helped them change how they conduct their activities. I suspect that some of this data when first presented is quite eye opening.

Getting money from established Government programs is always difficult. Teresa Bozzelli, the CEO of "Government Insights" said recently to HelathImaging.com *"Technology monies will not necessarily be identified as such, but as an element of new and urgent government initiatives. Vendors must understand when and how to upsell existing contracts when expediency is critical. The vendor must also offer new engagement models to the Government, where reward is directly tied to the results achieved against the promise of the economic recovery designed with the stimulus package."*

I interpret this advice as be creative when working with the Government. Give them incentives based upon outcomes. This should work we all know how creative government bureaucrats can be.

The Department of Health and Human Services (HHS) has created the Office of Recovery Act Coordination. This sub-bureaucracy has the task of "helping" the timely, organized and transparent distribution of an estimated \$137 billion in ARRA funds under its management. You probably noticed they're not "Doing, they're Helping". Who they are helping is unknown to me. Maybe another Office will be formed. This office will need help as it does the distribution of the money. Maybe it will be headed up by this man...

Mr. Lesko is an expert at getting free government money. He must be. He's on TV all the time screaming about it.

As we began, if the government distributes this money and it's done without the intent of bringing some level of standardization to the Health Care IT vendor, then we will have solution after solution with little capability to integrate with other systems as it is for PACs. This may become a health care bridge to nowhere.

Our Congress and the Administration are also concerned about the broken FDA, Medicare, and the larger Health Care system. To fix these ARRA money is held out as they come up with plans to slow the growth while attempting to work with the balanced budget amendment.

For CMS/Medicare the Administration is looking to make cuts while holding out the promise of "universal health care". The cuts are significant and come in the form of increased regulations. The President has proposed precertification for anyone getting a scan. This will add dramatically to the insurance company's burden for already



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IAMERS 16th Annual Meeting

Focus – Latin America

The IAMERS Business Sessions

The IAMERS Business Sessions will be held on Friday, May 1st and Saturday, May 2nd. Both days will be half day sessions.

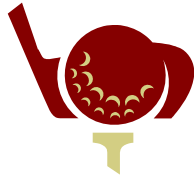
This year's IAMERS Annual Meeting will have a Latin twist. We will be discussing doing business in Latin America. We will have guest speakers from Santiago, Chile and Mexico City, Mexico. In addition, we will discuss the practical aspects of doing business with Latin America.

We will give you an update from the FDA – UDI's (Unique Device Identifiers) and Post-market Surveillance. Casper Uldriks, Esq., from the FDA, will join the meeting to bring us the latest information from Washington.

Patrick Hiney, from DeLage Landen, will give us some practical advice on the financial situation in the "New" economy.

There will be a technical presentation from Wayne Webster; and a negotiating session presented by John Krieg and Manny Roman.

Of great importance will be our presentation of the IAMERS *White Paper*. This position paper will be presented to the FDA in response to their proposed changes and those of COCIR and the EU. For your own benefit, please be present for this important position paper. Legislative changes could greatly affect your business in the future. And we do mean near future.



Fun Things to Do in San Juan

On Thursday, April 30th there are three optional outings. As with every annual meeting there is a golf tournament. This year we are also offering a walking tour of Old San Juan and a fishing expedition. Please register for the event of your choice as soon as possible.

For additional information regarding the meeting or the fun stuff, please consult the 2009 Annual Meeting Brochure or the IAMERS website www.iamers.org. You can also call Bob Feldman for additional information at +1.508.559.9441.

Be sure to make your hotel reservations directly with the InterContinental by April 12th. Room rates will not be guaranteed after the 12th. To contact the hotel:

InterContinental Hotel
800.443.2009
+1.787.791.6100
Reference – Group block ID - IAM



Meeting @ a Glance

Thursday, April 30th

Optional Day Trips w/hotel departure/return times (approx)

- Fishing Expedition – 7:15 am/12:30 PM
- Golf – 9 am/4:30 PM
- Old San Juan Walking Tour
– 11:15 am/3:30 PM

7 PM – Welcome Reception on the Board Walk

Friday, May 1st

8 am – Breakfast

8:45 am – Business Sessions

1 PM – Meeting Adjourns (approx)

7 PM – IAMERS Banquet & Awards

Saturday, May 2nd

8:30 am – Breakfast

9:30 am – Business Sessions

1 PM – Meeting Adjourns (approx)

Obama's Plan to Cut MRI & X-ray Costs

General Electric and Siemens AG, the biggest makers of medical imaging machines, say President Barack Obama's plan to slash spending on the use of MRIs and X-rays threatens patients, and they'll lobby Congress to block it. As employers, Fairfield, CT-based GE and Siemens, of Munich, say they back Obama's efforts to cut health costs. Still, in separate interviews, the companies pledged to fight a plan, proposed in the president's budget last week, to require approvals from a private "benefit manager" before Medicare will pay for imaging. The White House said the measure would save \$260 million over a decade, money that would aid Obama's plan to expand health coverage.

The measure may hinder equipment sales that accounted for more than half of GE's \$17.4 billion in health-care sales last year, or about 5 percent of overall revenue. The imaging unit at Siemens generated 262 million euros (\$328.7 million) in profit in the fiscal first quarter, a fifth of net income, the manufacturer reported Jan. 27.

Benefit managers will "actually hamper access and add administrative cost" to Medicare, said Mark Vachon, president of GE Healthcare's Americas' division, in a March 11 interview. "Having a system that gets between physicians and patients is probably not something we'd be supportive of."

Obama's budget has drawn fire from insurance companies and drugmakers, who have criticized the demand for more savings from both industries.

"Hundred Million" in Losses – Eli Lilly & Co. and AstraZeneca Plc said on Feb. 26 they would lose "several hundred million" dollars from Obama's proposal to mandate deeper discounts for drugs they sell Medicaid, the health plan for the poor. Health-care stocks, led by Humana Inc., slid after the budget called for stripping insurers of \$175 billion over 10 years by forcing them to compete for Medicare contracts.

If Congress approves, Obama's plan would be the latest attempt to rein in Medicare imaging costs, which more than doubled to \$14.1 billion from 2000 to 2006, according to a June 13 congressional report. It would put Medicare on par with most private insurers, who already require prior approvals.

Doctors are increasingly owners as well as users of scanning equipment, giving some an incentive for unneeded tests, the Government Accountability Office found in the report. Imaging use "varied substantially across geographic regions, suggesting that not all utilization was necessary or appropriate," the GAO said.

"This Time is Different" – Within hours of the budget's release on Feb. 26, the Medical Imaging & Technology Alliance, the trade group representing both GE and Siemens, issued a statement warning that the plan would deny seniors "life-saving medical services." The White House didn't immediately respond to a request seeking comment. In a health care forum organized by the White House yesterday, Obama told his audience he expected a fight. "Our inability to reform health care in the past is just one example of how special interests have had their way and the public interest has fallen by the side," Obama said. Still, with support for reform from doctors and patients, unions and businesses weary of high labor costs, "this time is different," he said.

Nonetheless, in documents prepared for a Dec. 4 investor meeting, GE said the industry was ramping up "advocacy" efforts to stave off restrictions on the use of imaging machines.

Eleanor Kerr, a Siemens lobbyist, said Medicare has already moved to cut imaging costs, ordering radiologists who conduct the tests be accredited by 2012. That step, along with medical societies' push to update guidelines, should be tried before pushing benefit managers on patients, she said.

Policing Themselves – "We feel that providers can police themselves through the development of appropriateness guidelines" with oversight from Medicare, said Kerr, Siemens's director of government affairs--health care.

Doctors ordered almost 600 million X-rays, MRI's, CT's and other procedures in 2006, according to the Reston, Virginia-based American College of Radiology. Medicare paid for a third of them.

The radiologists' group also opposes the White House plan, though it acknowledges a need to cut back on unneeded scans, said John Patti, a thoracic radiologist at Massachusetts General Hospital in Boston. The problem could better be handled with doctor training than employing benefit managers with a profit motive, he said in an interview. "Any time you put a middleman or a broker between physicians who are trying to care for their patients, you're going to run the risk of impeding care," said Patti, vice-chairman of the radiology college board of chancellors.

80 Percent Slide – GE and Siemens have been hammered by investors over the past year as the recession and credit crisis eroded revenue. GE jumped 37 cents, or 5.6 percent, to \$7.03 in New York Stock Exchange composite trading at 10:04 a.m. It fell 80 percent in the 12 months before today. Siemens rose 71 cents, or 1.8 percent, to 39.79 euros in Frankfurt trading and fell 54 percent in the year before today.

Obama's plan would mean fewer procedures and lost revenue for equipment makers led by GE, Siemens and Amsterdam-based Royal Philips Electronics NV, said Greg Freiherr, an editor at "Diagnostic Imaging," in San

Francisco. "The goal of the proposal is obviously to slow the growth in demand," Freiherr, a former industry consultant, said in an interview. "And slowing growth would translate into fewer sales for the equipment makers."

Reimbursements for imaging were among Medicare's fastest growing expense from 2000 to 2006, according to last year's GAO report. Increased use pushed up costs, as did the rising prices for the newest MRI or nuclear medicine scans.

Managers Recommended – The GAO recommended Medicare follow private insurers, who turned to third-party radiology benefit managers as costs began rising in the 1980s and 1990s. The managing services, led by units at Indianapolis insurer WellPoint Inc. and Magellan Health Services Inc. of Avon, CT, cut growth in imaging costs to 5 percent a year from as much as 20 percent, the GAO said.

GE's Vachon said Obama's plan to spend \$19 billion upgrading doctors' computer systems will do more to cut unwarranted imaging, by ensuring physicians have access to new medical guidelines, he said.

Congressional leaders have yet to take a stand on the imaging plan, so it is too soon to say how it may fare, Siemens's Kerr said.

Proven Success – The proof of benefits managers' success is in their widespread adoption by private insurers, Bob LeGalia, president of Magellan's radiology service, said in an interview. At Magellan, decisions are made by professionals with medical degrees in consultation with patient doctors, not the "actuaries" cited in the Imaging Alliance's statement, he said.

Magellan doesn't reveal its rejection rate, said Michael Fleming, a spokesman. The tests denied are often duplicative, or those where medical guidelines call for one scan and a doctor has proposed a different one, LeGalia said. Tests avoided can protect patients from unnecessary radiation, he said. "We all agree this technology is wonderful," LeGalia said. "It's not a bunch of accountants sitting around making decisions on medicine."

Source: Alex Nussbaum, Bloomberg, March 6



IAMERS Welcomes 4 New Members

AMCI Medical Systems, LLC
Pat Thai
1617 West Alabama Street
Houston, TX 77006
Phone: 713.522.4865
Fax: 713.522.4877
Email: amci@amcimedical.com
Website: www.amcimedical.com

Buys & sells pre-owned imaging equipment

Sunrise Company, Ltd.
Kotara Hatsui
4-1-23 Harnabedori Chou Ku
Kobe, Hyogo Pref.
Japan 615 0083
Phone: +81.80.1526.2653
Fax: +81.78.251.0232
Email: sales@sunrisejapanmed.com
Website: www.sunrisejapanmed.com

Exporters of pre-owned diagnostic imaging equipment

EverX Pty Ltd.
Himanshu Gupta
3/185 Briens Road
Northmead, Sydney, NSW 2152
Australia
Phone: +61.2.9683.4573
Fax: +61.2.9683.4617
Email: everx@bigpond.net.au
Website: www.everx.com

Buys & sells pre-owned imaging equipment

Sunrise Medical Technology, Inc.
Tommy Geske
3651 South IH 35 East
Waxahachie, TX 75165
Phone: 972.937.0263
Fax: 972.937.2246
Email: tgeske@suntechsol.com
Website: www.suntechsol.com

Sales, service, & turnkey projects for diagnostic imaging

IAMERS News & Information

- Please visit the IAMERS website to look at your particular listing. If not correct, let us know so that we can make your requested changes.
- If you are planning on attending the IAMERS Annual Meeting in San Juan, please remember the deadline for room reservations is April 12th. To make your reservations at the InterContinental, please call them at 800-443-2009 or 787-791-6100. After April 12th there is no guarantee on the room rates or availability. Please reference ID – **IAM** to get the best rates.
- Details regarding the IAMERS Annual Meeting in San Juan can be found on page 4.
- If you are planning on exhibiting at any of the shows noted herein, let us know. We will put your booth number in the Newsletter, at the appropriate time.
- Please let us if you can help on a committee. There's plenty to do in areas such as marketing. The more members that can help, the more we can accomplish. If there is something you would like to do for the association, let us know.
- If you have not paid your IAMERS dues for 2009 by April 10th, we will assume you don't want to remain a member and, therefore, delete your name from the membership list. If this is not the case, please call us to make specific arrangements.

Comments and opinions are welcome.

Diana Upton
201•357•5400

2009 IAMERS Board of Directors

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Contact IAMERS @ 877•304•2637 or 201•833•1157

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approved and well understood tests. GE and Siemens announced they will lobby against any attempt to change the way precertification is done.

There has also been a call for a program that will reduce the number of readmissions to the hospital for Medicare patients. This is seen as a major problem area for spending. Unfortunately, Medicare patients are on the whole, elderly. As such their medical problems are not easily solved. I suspect their readmission rate has more to do with their frailness rather than mistakes made by the medical staff at the hospital. Maybe the reason for the readmission is in an attempt to control costs they were released too early.

When it comes to medical imaging, something we all hold near and dear to our hearts, the Government is looking closely at utilization and will do all it can to reduce utilization with increased regulation. This is the standard Government solution to counter increased spending. Slow the spending with regulation. Democrat or Republican it's what government does.

Rearranging the chairs on the Titanic won't advance health care. But, it will improve IAMERS members' situations. As cuts happen and as access to medical imaging is restricted, with its very high price new equipment looks much less attractive. Good quality pre-owned equipment should increase its position in our marketplace as the government deals with health care and the budget.

Wayne Webster

Important Dates & Events 2009

IAMERS 16th Annual Meeting
San Juan, PR • **30 Apr – 2 May 09**
InterContinental Hotel – 5961 Isla Verde Ave.

AAMI – Baltimore, MD • **6 – 8 Jun 09**
Baltimore Convention Center
IAMERS booth # 812

SNM – Toronto, CA • **13 – 17 Jun 09**
IAMERS booth # TBA

AHRA – Las Vegas, NV • **9 – 13 Aug 09**
Mandalay Bay Hotel
IAMERS booth # TBA

IAMERS European Meeting • **10 – 12 Sept 09**
Rome, IT
Grand Hotel de la Minerve

MD Expo – Nashville, TN • **23 – 26 Sept 09**
Marriott Renaissance Downtown

EANM – Barcelona, ES • **10 – 14 Oct 09**

RSNA 2009 – Chicago, IL • **29 Nov – 3 Dec 09**
IAMERS booth # TBA
IAMERS RSNA Reception • **Monday 30 Nov 09**
InterContinental Hotel – Michigan Ave