

US Cancer Management Corporation finds cure for the high cost of equipment.



At US Cancer Management Corporation's three facilities in northern California, doctors and technicians use the latest, most sophisticated radiation oncology devices to treat patients with a variety of types of cancer. These devices have proved their efficacy in targeting and destroying cancers with minimal damage to healthy tissue, thus extending lives while reducing discomfort and recovery times.

As part of their strategy of continuing to offer state-of-the-art treatment to their patients, USCMC wanted to acquire a Clinac linear accelerator from Varian Medical Systems. But at a cost of more than \$2 million, an outright purchase was out of the question.

Cost-based contracts with some of North America's largest health plans allow USCMC to treat a large number of patients. But those plans also determine how much USCMC can charge, and reimburse the clinics according to their own terms and schedules. A flexible financing solution that could accommodate USCMC's cash flow needs while keeping costs as low as possible was essential to a successful lease.

Overview

■ Challenge

US Cancer Management Corporation (USCMC), an operator of three cancer-treatment clinics in California, wanted to add a linear accelerator to its radiation oncology offerings. But at a cost of more than \$2 million, the new equipment would require financing, and USCMC's current lenders were reluctant to accommodate the complex financing deal.

■ Solution

IBM Global Financing structured an 84-month fair market value lease for the accelerator plus a refurbished CT scanner, with a three-month "skip-payment" provision. In addition to the accelerator lease, full-payout financing for tenant improvements and miscellaneous business expenses was included on the same contract.

■ Key Benefits

- *The 84-month lease not only eliminated any up-front cost for USCMC, but will also dramatically reduce their total cost of usage over the term of the lease.*
- *The three-month skip-payment provision enabled USCMC to match its payments to expected cash flow generated by the new equipment.*

Help from an unexpected financing partner

Since opening its doors five years ago, USCMC has done business with many of the largest lenders in the health care industry. And in preparing for this acquisition, the company had been in direct negotiations with four different financing providers. But all four providers—including some that have current financing contracts with USCMC—were reluctant to finance the complex contract required for the linear accelerator. That's when USCMC was referred, by a mutual customer, to the medical technology financing offerings of IBM Global Financing.

“IBM Global Financing was very responsive, and moved quickly to help us complete the acquisition of our linear accelerator. They also had less paperwork, faster approvals and more flexibility than any other lender we had dealt with. And the skip-payment option was a great way to match our payments to our cash flow.”

*W. Brian Fuery, CEO
US Cancer Management
Corporation*

IBM Global Financing worked closely with USCMC's management to overcome the complexities of this multifaceted deal and structure financing that would fit within their budget. The contract included

an 84-month fair market value lease for the accelerator and refurbished CT scanner, plus full-payout financing for facility improvements to accommodate the linear accelerator.

Flexible, affordable financing for complex acquisitions

Because of USCMC's relationship with its top-tier health plan partners, and its excellent credit history, IBM Global Financing was able to structure financing with a highly favorable rate. In addition, a three-month skip-payment provision was included in the financing to accommodate USCMC's billing cycle.

By bringing the power of a fair market value leasing program to medical equipment, IBM Global Financing can make expensive medical technology acquisitions affordable and manageable. And the ability of IBM Global Financing to combine a fair market value lease with other financing on a single contract dramatically simplifies the entire financing process for its clients.

About USCMC

US Cancer Management Corporation specializes in the development and management of full-service cancer treatment centers that feature state-of-the-art radiation oncology technologies. The company currently operates three facilities in northern California, with more under development around the United States.

For more information

- Contact your IBM Global Financing representative
- Visit the IBM Global Financing Web site at ibm.com/financing



© Copyright IBM Corporation 2005

IBM Global Financing
North Castle Drive
Armonk, NY 10504-1785
U.S.A.

Produced in the United States of America
11-05
All Rights Reserved

IBM and the IBM logo are registered trademarks of International Business Machines Corporation in the United States, other countries, or both.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

IBM Global Financing offerings are provided through the IBM Credit LLC in the United States, IBM Canada Ltd. in Canada, and other IBM subsidiaries and divisions worldwide to qualified commercial and government customers. Rates are based on a customer's credit rating, financing terms, offering type, equipment type and options, and may vary by country. Other restrictions may apply. Rates and offerings are subject to change, extension or withdrawal without notice.

This customer story is based on information provided by US Cancer Management Corporation, and illustrates how one organization uses IBM products and services. Many factors may have contributed to the results and benefits described; IBM does not guarantee comparable results elsewhere.