# Healthcare Financial Management and Economics

# — Pacific Imaging Center

**Break-Even Point Formulas**

Before making hiring or purchasing decisions, healthcare organizations must consider whether the decision is financially profitable. By calculating break-even points, organizations are able to examine actual costs and make more sound financial decisions. For this Assignment, you use data from the Pacific Imaging Center and calculate break-even points.

**Scenario:** Pacific Imaging Center is a small imaging center with two analogue film or screen units. As the director of the center, Juanita Hernandez has been asked to determine if it is financially profitable to hire additional technologists to their current staff of two technologists. She has analyzed the current costs and determined the following:

|  |  |
| --- | --- |
| Reimbursement per screen | $75 |
| Equipment costs per month ($800 per machine) | $1,600 |
| Technologists costs per mammography | $20 |
| Technologists aide per mammography | $4 |
| Variable cost per mammography | $10 |
| Equipment maintenance per month per machine | $700 |

**To prepare that:**

Examine the Pacific Imaging Center scenario. Reflect on how you will use the provided financial data to calculate break-even points. Refer to Chapter 9 of *Financial Management of Health Care Organizations: An Introduction to Fundamental Tools, Concepts and Applications* for additional guidance.

Given the above information, create an Excel spreadsheet showing the following:

1. Solve for monthly **volume** to break even.
2. Solve for monthly **volume** needed to break even at desired $5,000 per month profit level.
3. Solve for **volume** needed to break even at new reimbursement of $55 per screen and no profit.
4. Solve for **volume** needed to break even with additional labor.