# Healthcare Financial Management and Economics

# Week 8 Assignment 2 — Pacific Imaging Center

**Assignment 2: 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 the current staffing is correct for her place or should she add another technologist. She currently uses 2 mammography units, 2 technologists, and 1 aide.

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 ($350 per machine) | $700 |

**To prepare for the Assignment:**

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.

**The Assignment:**

Given the above information, use the “Week 8 Assignment 2 Break Even Excel Template” to answer these items **as a Department**:

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 $112 per screen and no profit.
4. Solve for **volume** needed to break even with an additional technologist.

**Your Assignment is due by** **Day 7 of Week 8.**