

Client Success Story

Michiana Hematology Oncology

Founded in 1968, Michiana Hematology Oncology (MHO) had been successful in providing the invaluable prevention, control and treatment of cancer to their community. Over time, their mission expanded to encompass a complete cancer organization that offered all cancer-related research and treatment services—including world-class cancer care—under one roof. In 2009 they began a joint venture with a large hospital in Mishawaka, Indiana to make this all-in-one dream come true.

Key Equipment Finance



Challenge:

This endeavor was going to be an expensive undertaking; creating a comprehensive treatment facility while maintaining a philosophy to make quality cancer care available to everyone; nearly half of MHO patients are on Medicare. “One of the biggest hurdles to overcome was how to pay for new, state-of-the-art equipment, particularly since we needed the new equipment to generate the revenue to pay for it,” said Kim Woofter, MHO’s Chief Financial Officer.

Solution:

To help MHO achieve their mission while maintaining a healthy cash flow, Key Equipment Finance (KEF) offered an Operating Lease to finance more than \$7.3 million worth of sophisticated diagnostic and treatment equipment, including CT scan technology, PT scan equipment, a linear accelerator and more. Details of the structure included:

Deferred payments. MHO was able to establish cash flow in the new facility before the first payment was due, three months later. This also allowed the center to pay for the new equipment while it generated revenue, and provided a cash-management solution that gave investors a heightened sense of security.

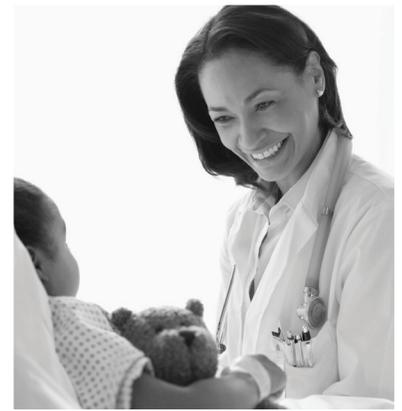
Flexible terms. MHO had the option to purchase the equipment outright or return it to KEF, either at various contract milestones or at the end of the agreement.

This allowed the cancer center to avoid being trapped with obsolete equipment and enjoy viable, mid-term upgrades to optimize new technology.

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100% Financing. The structure allowed for progress payments, which simplified processing and enhanced cash flow for both MHO and the project contractor. MHO could enhance their budget management with one predictable, monthly lease payment, and the installation stayed on track while multiple vendors were in turn paid for technology and services that included installation, training and support.

Cash resource. Financing the deal was both critical and prudent for the two parties; it allowed the hospital to preserve cash for other expenses or investments, and MHO would not have been able to move ahead with the project without third-party funding.



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Results:

The enterprise was a win-win for both Michiana Hematology Oncology and the hospital; it has been profitable since the first quarter of its inception. “We got an immediate referral base from the hospital, and our exclusive focus on cancer treatment enables us to offer innovative care,” Woofter said. “That success was partially due to the lease structure that helped acquire mission-critical equipment and manage our cash flow from day one.”

In addition to meeting the needs of administrators, physicians and investors, the new facility is also helping MHO stay true to its founding philosophy. Today, the cancer center has six advanced centers for cancer care throughout northern Indiana—many of them in communities that

previously lacked resources for cancer patients.

“We would never turn anyone away because they don’t have insurance,” said Woofter. “Fortunately, the combination of world-class technology and flexible financing helps us remain competitive and that means, at least for the time being, that we can help all who need it.”

Next Step

The future for many cancer patients is brighter based on the work being done by Michiana Hematology Oncology. With this financial model, the business can continue to grow at a healthy pace and keep making a difference to cancer patients in the Midwest.

**Key Equipment
Finance**

