

2007

# Diagnostic Imaging Center Market Report



V E R I S P A N

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## 1.0 INTRODUCTION

### 1.1 Overview

As of November 2007, Verispan had identified 6,414 diagnostic imaging centers (DIs)—an increase of 6.2% from 2006. But despite the continued growth and demand for services experienced by imaging centers, these healthcare providers, for the first time in several years, face many different challenges, most importantly, changes in reimbursement as a result of the Deficit Reduction Act of 2005.

To adapt to this changing business environment, many imaging center operators have realized the need to merge or consolidate with other healthcare providers due to the increasing complexity of the regulatory and managerial aspects of health care delivery and the influence of reductions in reimbursement levels.

Increasingly, imaging center owners are seeking to affiliate with experienced operators of facilities with access to capital, management expertise and other resources. As a result the percentage of imaging centers that belonged to a imaging center chain has increased from approximately 54% in 2003 to 73% in 2007.

During the past year, several of the nation's largest imaging center chains also experienced both growth and change. In July 2007, HealthSouth Corporation sold its diagnostic division to The Gores Group creating Diagnostic Health Corporation, an independent diagnostic imaging company. The new company is currently comprised of a network of 53 freestanding diagnostic imaging centers in 19 states and the District of Columbia.

Radnet continued to acquire imaging centers and remained the largest owner and operator of fixed-site diagnostic imaging centers in the United States. The company's imaging center network is now nearly 60% larger than its next largest competitor.

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