**PROPOSED HOSPITAL INSTALLATION OF FOCAL THERAPY EQUIPMENT ON A RENTAL BASIS**

**EQUIPMENT COSTS**

**HIFU Equipment £500,000**

**NOTES**

1. The supplier is sacrificing most of their margin leaving a small handling fee to cover installation and first year support.
2. This compares with a normal price of £605,000. A huge saving.
3. The rental agreement will be with a charity owned company GFCT Focal Therapy Limited. The service and consumables agreements will be with the manufacture. Machine rental will be at the rate of £50,000 per annum for year 1 and £100,000 per annum for years 2 to 5, plus VAT. Rental invoices will be raised and paid monthly. There will be an initial 5-year rental agreement. The hospital will then have the option to buy the equipment for £150,000 plus VAT or continue renting at the rate of £75,000 a year plus VAT, for three more years, after which they will be given the equipment.
4. The returns and costs geared to the number of tests conducted per annum are as follows.

|  |  |
| --- | --- |
|  | **NUMBER OF TREATMENTS PER ANNUM** |
|  | Year One - 50 | Ongoing Years - 100 | Ongoing Years - 200 |
| **AVERAGE REVENUE PER CASE** | £5,377 | £5,377 | £5,377 |
| **COSTS PER CASE** | **£** | **£** | **£** |
| Theatre | 1,141 | 1,141 | 1,141 |
| Consultant | 114 | 114 | 114 |
| Surgical Assistant | 36 | 36 | 36 |
| Consumables | 1,000 | 1,000 | 1,000 |
| Overheads | 343 | 343 | 343 |
| Base Cost | 2,804 | 2,804 | 2,804 |
| Service Costs | 1,000 | 500 | 250 |
| Rental Payments | 1,200 | 1,200 | 600 |
| **Total Cost** | **4,834** | **4,334** | **3,484** |
| **SURPLUS PER CASE** | **543** | **1,043** | **1,893** |
| **TOTAL ANNUAL SURPLUS** | **27,150** | **104,300** | **378,600** |

**ASSUMPTIONS**

* The Revenue figure is based on the current baseline reimbursement from central funding for the treatment uplifted by 1.07 being an average uplift factor.
* Base costs taken from current NHS business case costings.
* Service costs estimated at £50,000 per annum.
* On the above case numbers there is a “net” return to the Hospital ranging from £27,150, in year one through £104,300 to £378,600. An operating theatre is capable of handling 3 HIFU cases a day as against two surgical procedures.
* There will also be significant savings on the ongoing cost of ED treatments, incontinence products and rectal passage treatments no longer found to be necessary.
* Over the 8 year life before an upgrade is needed it is estimated that usage would increase from 50 in year one to around 250 in year eight given more awareness of the treatment option and the growing number of younger men being diagnosed who are particularly worried about the levels of risk of erectile dysfunction and/or incontinence that can occur with surgery or rectal damage that can occur with radiotherapy. All three very debilitating for any man, but particularly those in their early 50’s.
* Research to date indicates risk reduction levels of around 80% for ED, 90% for Incontinence and virtually 100% for rectal damage. This is massive in human terms given the impact on partners, other members of the family and the patients mental wellbeing.
* Assuming 1,200 cases over the 8 years and a split of around 60/40 for radiotherapy against surgery…around 160 men will avoid ED problems, 60 men will avoid incontinence problems, and 60 men will avoid rectal damage. A total of 280 men avoiding serious life changing side effects.