



Wednesday, July 13, 2011

Australian Securities Exchange Announcement

Investor Update Presentation

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Brisbane, Australia. – **ImpediMed Limited** (“**ImpediMed**” or the “**Company**”) refers shareholders to the attached market update for the Company.

IMPEDIMED LIMITED (IPD) provides the opportunity to listen to an audio broadcast with Mr Greg Brown, Chief Executive Officer and Managing Director about the market update presentation titled "Impedimed Investor Update July 2011 - Greg Brown, CEO".

To listen, copy the following details into your web browser:

<http://www.brr.com.au/event/82190>

ENDS

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ImpediMed Limited

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July 2011

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Clinical Assessment of Lymphedema

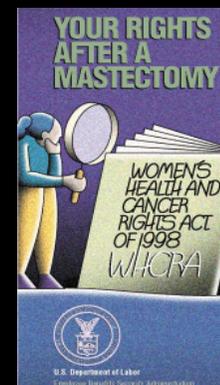
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- High incidence
- Underserved / early Dx
- Early Dx / prevention



- IP hurdles in place
- First FDA clearance



- Support and advocacy
- Clinical Standard - NAPBC



- First mover advantage and category III code
- Code, payment and building coverage – critical to drive sales

Reimbursement – Critical to drive business model

1. Coding

- CPT procedure codes
- ICD-9-CM diagnosis and procedure codes
- HCPCS drug, device and durable medical equipment codes

2. Coverage

- National vs. Regional vs. Local coverage policies
- Blue Cross and Blue Shield Technology policies
- Private insurers (National/Regional) and managed care coverage policies

3. Payment

- Outpatient hospital Ambulatory Payment Classification (APC) and pass-through payment
- Physician & diagnostic test payment under the resource-based, relative value schedule (RBRVS)
- Durable Medical Equipment payment under DMERC fee schedules

▪ **Market metrics for showing effective reimbursement – coding, payment and coverage**

- The best metric is sales - moving forward placements and revenue per placement important
- Early with a new code it is useful to have a metric to show traction, the options are
 - Medical policy – covered lives
 - Medical policy - no policy, experimental/investigational, or medically necessary
 - Less likely to double count lives, but can underestimate coverage
 - Coverage can still occur without medical policy
 - Managed Care – Membership – can show coverage without policy, double/triple counts lives

Reimbursement Update

1. L-Dex testing coverage building in the market

- Coverage occurring – Explanation of Benefits (EOB's) showing reimbursement of CPT 0239T
- Examples of major private payers covering at local levels - only seen in certain states at present
- Payment in the range supported by the economic model presented in 2010

2. Covered lives metric - medical policy

- Federal plans – first 12 million covered lives announced
- Advancing private payers – UPMC, & Humana (ACO)
- ACO's and coverage specific policy – working both avenues now

3. Membership metric - managed Care

- 5 PPO signed contracts in place for handling reimbursement claims
- Beech Street – Viant (BSV) – covering some claims
 - ✓ BSV is an at risk PPO with 16 million members - Covering L-Dex clients at a percentage of billed charges or contracted default percentage discount when billing CPT 0239T

4. Key obstacles for building covered lives – medical policy

- Need clinical outcomes data for L-Dex over present conventional methods – key to health economics
 - ✓ A number of surgeons are coordinating to publish case study data
 - ✓ Randomised control trial underway to water displacement
- Medical Directors - clear lack of understanding to the limitations of conventional methods
 - ✓ Referenced arguments listed on website; plus review article expected

Reimbursement – Medical necessity definition/Obama care impact

The L-Dex U400 will be evaluated under the criteria stated in the definition of medical necessity in each contract. A typical example of a contractual definition of “medical necessity” is as follows:

Services, drugs, supplies or equipment provided by a hospital or other covered provider are:

1. Appropriate to prevent, diagnose, or treat your condition, illness or injury;
2. Consistent with standards of good medical practice in the United States;
3. Not primarily for the personal comfort or convenience of the patient, the family or the provider;
4. Not part of or associated with scholastic education or vocational training or the patient; and
5. In the case of inpatient care, can only be provided safely in the acute inpatient hospital setting.

Criteria 1, 2 and 3 above are most relevant for the purposes of the L-Dex U400.

May 2011 – US Clinical standard (NAPBC/NLN) important for building support for criteria number 2

Obama-care changes – **1)** Automatic Enrollment in Employer Health Plans, **2)** Coverage of Adult Children (up to age 26), **3)** Lifetime limits on dollar amount of coverage not permitted, **4)** Health plans must provide coverage, without cost-sharing, for certain preventive services & immunizations, **5)** Insurance denial of coverage based on a pre-existing condition is not permitted for children under age 19;

- Hyper-changing environment continues for payers and cost impact still to be fully recognised
- Accountable care and preventative care programs growing in significance
- Payers reluctant to change policies – higher level of evidence required at this point
- Likely to see coverage without policy while market settles down

Review of other recent progress

1. Placement Update

- 142 L-Dex devices placed in the market - April 2010 total was 121 – increase of 21

2. Prominent Clinical Centers now using

- UPMC Pittsburg /Columbia Presbyterian Hospital NYC
- William Beaumont Hospital – significant percentage of all breast patients in Michigan
- Lynn Regional Miami – large breast cancer clinic in Florida

3. Multi-site Users

- 21st Century Oncology - signed 4 agreements with 21st Century for a system-wide test
- US Oncology first placement – large Breast center in Dallas

4. Stanford Registry progressing and on the timeline

5. NAPBC/NLN – Clinical Standard 2.15 – First clinical standard/guidelines

6. Avon Foundation for Women Lymphedema event in NYC – supported by Avon, LRF, NLN

- White paper to publish in the coming months
- Calls for more clinical guidelines from governing societies

7. Several key publications expected

- Literature review article – “A Comprehensive Review of Incidence Rates, Modes of Detection, Classification Schemes, Optimal Management and Risk Reduction Strategies”
- Patient case studies – clinical outcomes data from key users
- Key trial 5 year follow up data and independent economic data



Targeted News Flow – Calendar year 2011 / 2012

News Flow Pipeline:	1H11	2H11	1H12	2H12
Announcement of first covered lives				
Announcement of 20 million covered lives				
Stanford registry launch and roll out				
Publication on health economic paper				
Announcement clinical guidelines				
Announcement of 50 million covered lives				
Key outcomes publication on BIS				
Unilateral Limb (arm & leg) FDA - U400				
250 placement of L-Dex devices				
NCD CED Stanford resubmission				

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