Time-Series Financial Risk Modeling from Sequential Medical Images: A Deep Survival Analysis Approach

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***Abstract*—In the domain of healthcare economics, accurately anticipating patient treatment costs is critical for efficient resource allocation and actuarial stability. Traditional financial models predominantly rely on static tabular data (Electronic Health Records) and snapshot demographics, often neglecting the rich, spatiotemporal progression of pathology visible in longitudinal medical imaging. This paper proposes a novel *Deep Visual-Temporal Survival* framework that bridges the gap between computer vision and financial risk modeling. We introduce a dual-stage architecture comprising: (1) a Vision Transformer (ViT) backbone for extracting high-dimensional latent representations from sequential Chest X-rays, and (2) a Transformer-based temporal encoder to capture long-term dependencies and disease trajectories. By coupling this architecture with a Cox Proportional Hazards head, we predict time-to-event probabilities which are subsequently mapped to financial metrics: Expected Loss (EL) and Mean Time to Event (MTTE). Validated on the MIMIC-CXR dataset (linked with clinical records) and synthetic financial logs, our approach demonstrates that incorporating visual trajectory significantly reduces error in cost forecasting compared to static baselines. We further present an ablation study confirming the efficacy of the temporal attention mechanism in identifying rapid disease progression.**

***Index Terms*—Financial Risk Modeling, Deep Survival Analysis, Vision Transformers, Spatiotemporal Analysis, Healthcare Economics, Actuarial Science, Time-Series Forecasting.**

I. Introduction

The global healthcare ecosystem faces a critical sustainability challenge: managing the financial volatility associated with chronic and progressive diseases. Unlike acute incidents (e.g., fractures), progressive conditions such as pneumonia, tuberculosis, pulmonary edema, and chronic obstructive pulmonary disease (COPD) evolve over time. This evolution leads to fluctuating treatment costs, making financial planning for hospitals and insurance providers notoriously difficult.

Current actuarial models in healthcare typically rely on static snapshots of patient data—such as age, gender, and billing codes (ICD-10)—to predict risk. While effective for population-level statistics, these models fundamentally fail to account for the *visual velocity* of disease for individual patients. The ”visual velocity” refers to the rate and pattern of structural change observed in sequential medical imaging. For instance, a patient whose lung opacity increases by 20% over two weeks represents a significantly higher immediate financial risk (due to impending ICU admission) than a patient with stable opacity, even if their static billing codes are identical.

A. The Problem of Static Actuarial Science

Traditional survival analysis, such as the Kaplan–Meier estimator or the standard Cox Proportional Hazards (CPH) model, assumes that covariates are fixed or change linearly. However, the progression of a disease seen in a Chest X-ray (CXR) is high-dimensional, non-linear, and stochastic. Neglecting this rich temporal data results in ”Reactive Financial Modeling,” where costs are acknowledged only after they are incurred, rather than ”Predictive Financial Modeling,” where reserves are allocated based on forecasted deterioration.

B. Proposed Solution

This study addresses the ”static data gap” by proposing an end-to-end deep learning system that predicts future financial risk based on disease progression reflected in sequential medical images. We hypothesize that the latent features extracted from a time-series of CXRs contain predictive signals regarding patient deterioration that are invisible to standard tabular models.

Our specific contributions are:

1) **Longitudinal Visual Architecture:** We implement a mechanism to treat patient imaging history as a temporal sequence, utilizing Vision Transformers (ViT) for spatial encoding and Transformers for temporal aggregation.
2) **Actuarial Mapping Function:** We derive a method to translate probabilistic survival curves into tangible financial metrics, specifically Expected Loss (EL) and Net Present Value (NPV) of treatment.
3) **Dual-Attention Mechanism:** We utilize spatial attention (within the image) and temporal attention (across the history) to pinpoint exactly when and where the risk escalated.
4) **Synthetic Financial Validation:** Given the privacy constraints of medical billing, we introduce a robust methodology for generating synthetic financial logs based on Diagnosis-Related Groups (DRGs) to validate our model.

II. Related Work

The intersection of medical imaging, deep learning, and cost prediction is an emerging field requiring a synthesis of distinct domains.

A. Deep Learning in Medical Imaging

Deep Learning (DL) has achieved state-of-the-art performance in diagnostic classification. Convolutional Neural Networks (CNNs) like ResNet and DenseNet have been the standard backbone for CXR analysis [3]. However, the recent advent of Vision Transformers (ViT) has shown superior performance in capturing global context within an image [**?**]. While these models excel at single-image diagnosis, they generally treat patient history as independent samples, ignoring the temporal correlation between a scan taken today and one taken a month ago.

B. Longitudinal Sequence Modeling

To analyze patient history, Recurrent Neural Networks (RNNs) and Long Short-Term Memory (LSTMs) networks have been employed. While LSTMs can model sequences, they suffer from vanishing gradients over long sequences and process data sequentially. The Transformer architecture, originally designed for NLP [**?**], uses self-attention mechanisms to model dependencies regardless of the distance in the sequence. Approaches similar to precipitation nowcasting [**?**] have shown that deep generative models can handle complex temporal dynamics, which we adapt here for ”Visual Sentences,” treating a sequence of X-rays as a sentence and each image as a word.

C. Deep Survival Analysis

Survival analysis models the time until an event of interest occurs. The Cox Proportional Hazards model is the statistical standard [**?**]. Deep Survival Analysis, specifically DeepSurv [**?**], relaxes the linearity assumption of Cox-PH using neural networks. However, most existing Deep Survival implementations rely on scalar data (tabular EHR). We extend this by replacing scalar covariates with high-dimensional embeddings derived from sequential imaging.

D. Healthcare Cost Prediction

Actuarial prediction typically relies on regression models applied to billing codes [1], [2]. Few studies have attempted to link raw pixel data to billing outcomes. Our research bridges this gap by using the *risk of clinical deterioration* as a proxy for *financial exposure*.

III. Proposed Methodology

Our framework consists of three distinct modules: (A) Visual Feature Extraction via ViT, (B) Temporal Sequence Modeling via Transformer Encoder, and (C) The Financial Survival Head.

A. A. Visual Feature Extraction (ViT Backbone)

Let a patient p be represented by a sequence of images $\mathcal{I}_p = \{I_1, I_2, \dots, I_L\}$, where L is the sequence length. We utilize a Vision Transformer (ViT-B/16) initialized with ImageNet weights.

1) Patch Partitioning and Embedding: Input image $I_t \in \mathbb{R}^{H\times W\times C}$ is reshaped into a sequence of flattened 2D patches $x_p \in \mathbb{R}^{N\times(P^2\cdot C)}$, where (P, P) is the patch size and $N = HW/P^2$ is the number of patches. These patches are linearly projected to a latent vector size D.

2) The Class Token and Projection: A learnable embedding, the ”classification token” ($[CLS]$), is prepended to the sequence of embedded patches. The state of this token at the output of the ViT encoder serves as the image representation:

$$\mathbf{z}_t = \text{ViT}(I_t)_{[CLS]} \in \mathbb{R}^{768}. \tag{1}$$

To match the temporal Transformer's model dimension we apply a learned linear projection:

$$\tilde{\mathbf{z}}_t = W_p\mathbf{z}_t + b_p \in \mathbb{R}^{d_{\text{model}}}, \tag{2}$$

where $d_{\text{model}} = 128$ in our implementation. This projection is trained end-to-end.

B. B. Temporal Sequence Modeling

To capture the trajectory of the disease, the sequence of projected feature vectors $\tilde{\mathbf{Z}}_p = [\tilde{\mathbf{z}}_1, \dots, \tilde{\mathbf{z}}_L]$ is passed to a Temporal Transformer Encoder. This is distinct from the ViT; the ViT models spatial relationships *within* an image, while this module models temporal relationships *between* images.

1) Temporal Positional Encoding and Time Normalization: Since Transformers are permutation invariant, we explicitly inject time information. We first normalize timestamps to a stable scale to avoid very large phases in sinusoidal encoding. For example:

$$t_{\text{norm}} = \frac{\text{days\_since\_first}}{T_{\max}} \quad \text{or} \quad t_{\text{norm}} = \log(1 + \text{days}).$$

We then compute sinusoidal positional encodings on t_{norm}:

$$\mathbf{x}_t = \tilde{\mathbf{z}}_t + \text{PE}(t_{\text{norm}}) \tag{3}$$

$$PE(t, 2i) = \sin\left(t/10000^{2i/d_{model}}\right) \tag{4}$$

$$PE(t, 2i+1) = \cos\left(t/10000^{2i/d_{model}}\right) \tag{5}$$

with $d_{model} = 128$.

2) Multi-Head Temporal Attention: The core of the sequence model is Multi-Head Self-Attention (MSA). For query Q, key K, and value V:

$$\text{Attention}(Q, K, V) = \text{softmax}\left(\frac{QK^\top}{\sqrt{d_k}}\right)V. \tag{6}$$

Multi-head attention allows the model to attend to different parts of the patient's history simultaneously (e.g., baseline vs. recent scans).

3) Temporal Aggregation Token and Masking: Instead of simply taking the final hidden state, we prepend a learnable temporal aggregation token ($[TCLS]$) and use its output as the sequence summary. This avoids the implicit assumption that the last frame is always most informative and enables the model to pool information from arbitrary time steps. For variable-length sequences we use attention masks to ignore padded frames so that padded positions do not affect attention or loss computation.

Algorithm 1: Deep Visual-Temporal Forward Pass

```
Result: Predicted Risk Score $\eta$
Input: Sequence of Images $\{I_1, ..., I_L\}$;
Model: ViT Backbone $f_v$, Temporal Transformer $f_t$;
Initialize feature list $Z = []$;
for $t \leftarrow 1$ to $L$ do
    $z_t \leftarrow f_v(I_t)$ Extract spatial features (CLS);
    $\tilde{z}_t \leftarrow W_p z_t + b_p$ Project to $d_{model}$;
    $Z$.append($\tilde{z}_t$);
end
$H \leftarrow f_t(Z)$ Apply temporal attention;
$h_{final} \leftarrow H_{\text{[TCLS]}}$ Use aggregation token;
$\eta \leftarrow$ MLP($h_{final}$);
return $\eta$;
```

C. C. Deep Cox-Time Survival Head

We employ a Deep Cox Proportional Hazards framework. The network predicts a log-risk score $\hat{h}_\theta(\mathbf{x})$ given the input history $\mathbf{x}$. The hazard function is defined as:

$$\lambda(t|\mathbf{x}) = \lambda_0(t) \cdot e^{\hat{h}_\theta(\mathbf{x})} \tag{7}$$

where $\lambda_0(t)$ is the baseline hazard. The network is optimized by minimizing the negative log partial likelihood loss:

$$\mathcal{L}(\theta) = -\sum_{i:E_i=1} \left(\hat{h}_\theta(\mathbf{x}_i) - \log \sum_{j \in \mathcal{R}(T_i)} e^{\hat{h}_\theta(\mathbf{x}_j)} \right). \tag{8}$$

When tied event times are present we apply the Efron approximation for the partial likelihood to improve numerical stability.

IV. Financial Risk Framework

The core innovation of this paper is mapping the clinical survival curves $S(t|\mathbf{x})$ into actionable financial metrics.

A. Baseline Hazard and Individual Survival Curves

To produce an individual survival curve we estimate the baseline cumulative hazard $\hat{\Lambda}_0(t)$ (we use the Breslow estimator). Individual survival is then computed as:

$$\hat{S}(t|\mathbf{x}) = \exp\big(-\hat{\Lambda}_0(t)\, e^{\hat{h}_\theta(\mathbf{x})} \big). \tag{9}$$

This $\hat{S}(t|\mathbf{x})$ is used in downstream financial computations.

B. Actuarial Mapping

The survival function $S(t|\mathbf{x})$ represents the probability that the patient will **not** incur the cost event before time t. The Probability of Event (analogous to Probability of Default) at time t is $F(t) = 1 - S(t)$.

C. Expected Loss (EL)

We define the Loss Given Event (LGE) as the localized average cost of treatment for the specific adverse event. The expected present value of loss over horizon $[0, T]$ is:

$$\text{EL}(T) = \int_0^T f(t|\mathbf{x}) \cdot \text{LGE} \cdot e^{-rt}\, dt, \tag{10}$$

where r is the discount rate and $f(t) = -\frac{d}{dt}S(t)$ is the event density. For short-term horizons we may approximate:

$$\text{EL}(T) \approx (1 - S(T|\mathbf{x})) \times \text{LGE}. \tag{11}$$

Note that in practice LGE may be modeled as a distribution rather than a single scalar.

D. Mean Time to Event (MTTE)

For liquidity planning, we compute the restricted mean time to event (RMST) over $[0, T_{\max}]$:

$$\text{MTTE} = \int_0^{T_{\max}} S(t|\mathbf{x})\, dt. \tag{12}$$

A low MTTE implies a high velocity of money outflow for the insurer.

V. Experimental Setup

A. Dataset Preparation

We utilized the **MIMIC-CXR [?]** dataset for imaging data. Since MIMIC-CXR only contains radiology reports, we linked patients to the **MIMIC-IV** clinical database using hashed subject IDs to retrieve longitudinal outcomes (ICU admission timestamps) and ICD diagnoses.

- **Inclusion Criteria:** We selected patients who had at least 3 sequential X-rays within a 6-month window. This resulted in a cohort of $N = 4{,}500$ unique patient sequences.
- **Event Definition:** The ”Event” was defined as an ICU admission or a diagnosis of Acute Respiratory Distress Syndrome (ARDS) appearing in the clinical metadata subsequent to the image sequence.
- **Censoring:** Patients who were discharged without the event were marked as right-censored.

B. Synthetic Financial Log Generation

As public medical datasets do not contain private billing information, we generated synthetic cost logs. We mapped the ICD-9 diagnosis codes associated with the ”Event” to MS-DRG codes and assigned costs using CMS IPPS-derived weights. We introduced Gaussian noise $\mathcal{N}(0, \sigma)$ to simulate regional price variance.

C. Training Implementation

The model was implemented in PyTorch 2.0.

- **Hardware:** Training was conducted on a single NVIDIA A100 (40GB VRAM).
- **Hyperparameters:** Batch size of 32, AdamW optimizer with $\beta_1 = 0.9, \beta_2 = 0.999$. The learning rate was warmed up for 5 epochs to 1×10^{-4} and then decayed using Cosine Annealing.
- **Augmentation:** Images were resized to 224×224. We applied random rotation ($\pm 10°$) and brightness/contrast jittering. **Note:** we avoid left-right flips for CXRs to preserve anatomical laterality.

VI. Results and Analysis

A. Quantitative Performance

We compared our proposed method against two baselines: a standard Cox-PH model using only tabular demographic data, and a CNN-LSTM hybrid model. Performance was measured using the Concordance Index (C-index).

TABLE I
PERFORMANCE COMPARISON ON TEST SET (N=1,200)

Model	Input Data	C-Index ↑	IBS ↓	Cost MAE ($)
Cox-PH	Tabular	0.621	0.18	4,500
DeepSurv	Tabular	0.645	0.16	4,100
ResNet+LSTM	Image Seq	0.682	0.14	3,200
Proposed	**Image Seq**	**0.744**	**0.11**	**2,150**

Note: IBS = Integrated Brier Score (lower is better). MAE = Mean Absolute Error.

As shown in Table I, our proposed ViT-Transformer architecture achieves the highest C-index (0.744). Crucially, the Cost MAE (Mean Absolute Error) is reduced by over 50% compared to the tabular baseline.

B. Ablation Study

To validate the necessity of the Temporal Transformer, we performed an ablation study where we replaced the Transformer with a simple Mean Pooling layer.

TABLE II
ABLATION STUDY ON TEMPORAL AGGREGATION

Aggregation Method	C-Index
Mean Pooling (No time awareness)	0.690
LSTM (Sequential awareness)	0.712
Transformer (Attention mechanism)	**0.744**

The drop in performance with Mean Pooling (0.690) confirms that the *order* and *velocity* of changes in the X-rays are significant.

VII. Discussion

The superior performance of the Visual-Temporal model suggests that ”Visual Velocity” is a real and measurable phenotype. Patients with rapidly expanding lung opacities represent a compounding financial risk. The model successfully captures this by assigning higher hazard ratios to these sequences.

A. Practical Implications

For hospital administration, this tool allows for **Dynamic Budgeting**. For insurers, this enables **Precise Reserving**, ensuring that adequate funds are liquid to cover impending high-cost claims.

B. Limitations

The current model relies on synthetic financial data. Furthermore, omitting demographic inputs reduces some bias risks but does not eliminate bias because imaging data can encode demographic attributes implicitly [**?**].

VIII. Ethical Considerations

The integration of AI into financial healthcare modeling raises significant ethical concerns regarding **algorithmic bias**. To mitigate this, we strictly exclude explicit demographic features from the input layer. However, we propose routine subgroup performance audits and fairness mitigation techniques before deployment. This tool is designed for **macro-level resource planning**, not for individual insurance denial.

IX. Conclusion

This paper presented a robust framework for bridging the gap between medical imaging and financial analytics. By uniquely integrating time-series analysis of medical images with Deep Survival Analysis, we provide a tool for predictive financial planning. The proposed architecture successfully outperforms static actuarial models.

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