Frontier Healthcare Holdings

Key Business Issues for

Ambulatory Endoscopy Centers

Key Business Issues

1. Applying Adequate AEC Management Resources
   - Operational Benchmarking - AEC Case Study/Putnam, NY
   - The Right IT/EMR Solution - AEC Case Study/West-Side Manhattan
2. Growing an AEC in a Competitive Market
   - Syndication – AEC Case Study/Upper-East Manhattan
   - Junior Associates – AEC Case Study/Mid-Town Manhattan
   - Hospital partner – AEC Case Study/Brooklyn
3. Optimizing Payor Contracting:
   - Length of contracts and protective terms
   - Positioning AEC for Acquisition/Change of control provision
   - Clinical integration with partner practices "episode of care"
   - Mega group/Super group

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AEC Management Resources

AEC Management Resources

The majority of Ambulatory Endoscopy Centers continue to function with an insufficient level of management resources, adversely affecting key performance determinants such as;

- Patient experience
- MD performance
- Nurse management performance
- Staff productivity/turnover
- Facility compliance
- Investments in equipment/facility maintenance
- Payor discussions
- Expense management
- Board reporting and decision making

Ambulatory Endoscopy Centers not only lend themselves to the fundamentals of core business analytics (high volume/repeat business with heavy emphasis on data gathering), in an ever-more scrutinized/deflationary environment, analytics are a core pre-requisite.

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Case Study – Operational Benchmarking

Facility - ASC Putnam, New York

Issue: Avg. Room Start/Stop significantly exceeds benchmark standard for other Frontier Facilities, and avg. time tracked for physician procedures.

In laymen terms, physicians don't understand why they are finishing their procedures within 15 minutes and yet the total time the patient is spending in the room is 35 minutes, where is all the extra time going?

Solution: Based on benchmarking, data driven discrepancy, on-site observation confirmed facility anesthesiologists were consistently slow moving patients to PACU

Outcome: Total patient throughput time further improved through corrective measures

"What you measure, you control"

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The Difficulty with IT/EMRs

"Finding a perfect EMR is like finding a perfect NYC apartment – they don't exist"

The majority of ASC management teams have faced the need to at least consider if not purchase an EMR solution.

The majority of these teams soon realize that the decision making process requires a near PHd level understanding of;

- IT hardware cost and functionality
- Software development and performance
- Third-party software interfacing
- DOH/CMS Requirements
- Physician/Staff personal preferences
- Long Term Project Planning

The EMR decision along with location and physician partners constitute the three biggest decisions a new center faces.

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Case Study - EMR

Case Study – West-Side, Manhattan

Issue: Finding An Optimal EMR that would maximize facility performance and create a fully integrated virtual network of private offices using multiple Tax Ids

Solution: In selecting the right EMR solution;

- Confirmed past success through on-site visits (WAN/Patient Volume Match)
- Required virtual environment testing – IT team confirms performance
- Highlighted additional hardware requirements and associated costs
- Incorporated latency and added hardware risk into contract discussions
- Incorporated new software development requirements into contract
- Requested multiple physician software trials for feedback
- Examined EMR company financials and confirmed size of programing team

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AEC Growth Strategies

Growing an AEC in a Competitive Market

The majority of AECs function within a mature and highly competitive market that doesn't lend itself to transformative organic growth strategies.

The traditional menu of organic growth options tend to include;

- Targeted media campaigns focused on referral sources and patients.
- Highlighting key facility differentiators, e.g. location, quality of care.
- Careful selection of members to ensure right mix of growing practices.

In order to further expand patient volume, external strategies are also necessary;

- **Syndication – AEC Case Study/Upper-East Manhattan (Discussion)**
- **Junior Associates – AEC Case Study/Mid-Town Manhattan (Discussion)**
- **Hospital partner – AEC Case Study/Brooklyn (Discussion)**

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AEC Payor Contracting

Growing an AEC in a Competitive Market

The increasingly deflationary environment faced by AECs has placed greater emphasis on each facility to ensure it has entered into optimal in-network payor contracts.

The process of creating the "right contract" that will serve its members interests for years to come requires adequate attention be applied towards many key issues, some of which tend to include;

- Length of contract and protective terms
- AEC for Acquisition/Change of control provisions
- Clinical integration with partner practices "episode of care"
- Mega group/Super group

AECs have to take into consideration the changing healthcare landscape and their facilities' changing needs, in both cases, this is a best efforts exercise in forecasting.

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QUESTIONS?

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