



Same Store Growth 8 Keys to Growing Your Surgery Center

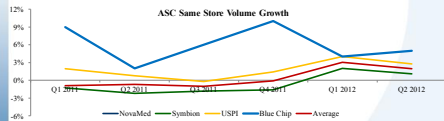
Amanda Kane, Manager, Business Development

Chris Bishop, Sr. VP, Acquisitions & Business Development

1



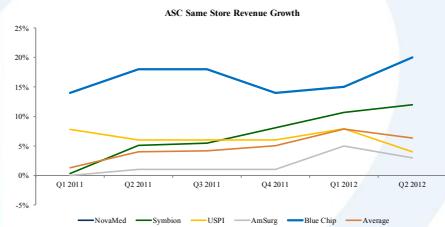
ASC Industry Review



- Source: Wall Street research and company filings.
- NovaMed volume growth for Q4 2008, 2009 and 2010 based on annual results.
- Symbion volume growth for Q4 2008, 2009 and 2010 based on annual results.



ASC Industry Overview



- Source: Wall Street research and company filings.
- AmSurg revenue growth for Q4 2008, 2009 and 2010 based on annual results.
- Symbion revenue growth for Q4 2008, 2009 and 2010 based on annual results.



Challenges

- Reduced pool of available MD's due to rapid hospital employment
- Managed Care restrictions; ACO's?
- Market saturated with ASC's
- Eligible MD's less entrepreneurial

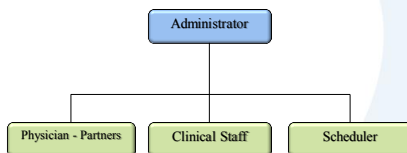


New Opportunities

- Direct to consumer initiatives
 - GI Direct Access
 - Spine / Bariatric's
- Expand breadth of current partners
 - Spine 2 level ACDF's
 - 23 hour stay
 - Recovery Care Centers
 - Hemorrhoidectomy w/ Expiral
- New Specialties
 - Spine / Joints
 - Bariatric's



Recruit More Surgeons:

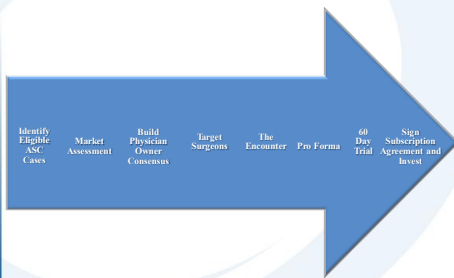




8 KEYS TO DRIVE SAME STORE GROWTH



8 Keys to Drive Same Store Growth





8 Keys to Drive Same Store Growth

STEP 1. Identify ASC Eligible Cases

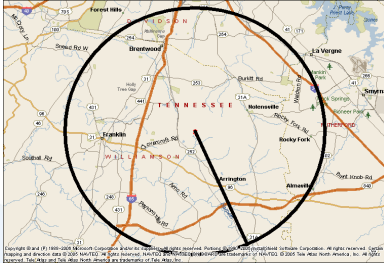
- Expanding breadth of cases allows you to grow case volume without recruiting new surgeons





8 Keys to Drive Same Store Growth

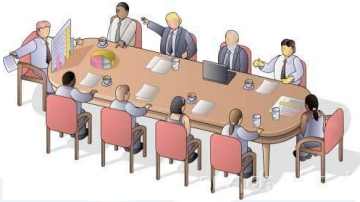
STEP 2. Market Assessment





8 Keys to Drive Same Store Growth

STEP 3. Build Physician Owner Consensus to Recruit





8 Keys to Drive Same Store Growth

STEP 4. Target Surgeons for Recruitment





8 Keys to Drive Same Store Growth

STEP 5. The Encounter

- Prepare a list of questions ahead of time
- Summarize important benefits of the ASC

STEP 6. Detail the Financial Model

- Administrator or business partner



Sample Pro Forma

SURGEON CENTER, LLC
Statement of Operations

Statement of Operations			
Cases Reimbursed	Current	Projected	
Plastic	1,800	2,815	
Ortho	800	700	(20% case decrease due to some paper contract limitations)
General	275	620	
OTC	275	200	
Pain	15	400	
Spine		600	
Podiatry		100	
Total	1,800	2,815	
Average Revenue Per Case			
Plastic	\$225	\$1,000 (spine 50% increase due to paper contracting improvements)	
Ortho	\$1,350	\$2,000	
General	\$1,350	\$2,000	
OTC	\$600	\$1,000	
Pain		\$1,000	
Spine		\$2,000	
Podiatry		\$2,000	
Weighted Average	\$1,007	\$1,082	
Revenue	\$2,047,750	\$4,232,000	
Expenses			
Depreciation (Fixed)	\$0.000	\$0.000	
Rent (Fixed)	\$60,000	\$60,000	
Services (Variable)	\$70,000	\$68,000	
Supplies (Variable)	\$60,000	\$65,000	
Wages & Benefits (Variable)	\$70,000	\$70,000	
Total Expenses	\$260,000	\$263,000	
Operating Income	\$(20,450)	\$1,346,300	
Financing Expense (Interest)		\$5,300	
Net Income	\$(25,750)	\$1,321,300	
Cash Basis Operating Profit Margin	-1%	31%	
EBITDA	28,500	1,446,300	
Debt Repayment (Estimated)	24,250	100,000 (200k new equipment over 5 years)	
Distributable Income	0	\$1,321,300	



8 Keys to Drive Same Store Growth

STEP 7. Initiate 60 Day Trial

- Credential
- Accommodate new surgeons' scheduling needs
- Case cost





8 Keys to Drive Same Store Growth

STEP 8. Sign Subscription Agreement and Complete Investment