

Strategies For ASC Developers To Enter New Markets

Acquisitions vs. De Novo Opportunities National vs. International Initiatives

Michael McKeivitt

Senior Vice President – Business Development



Presentation - Overview

- General Overview
- Our Experience By Market Sector
- Case Study - New Markets
- Market Opportunity Overseas
Success/Pitfalls
- Questions and Answers



Truth About New Markets

1. Opportunity abounds in the ASC industry given the national focus associated with healthcare reform and the need to reduce the cost of care.
2. The changing healthcare environment makes for strange bed fellows and the opportunity to develop partnerships where none could have existed in the past.
3. Future success is predicated on the ability to aggregate covered lives and/or patient days as leverage in negotiating contracts that are fair and equitable with the ever consolidating payer community.
4. We will need to challenge our own perceptions as to the true potential of an ASC and which cases can/can not be performed in the outpatient setting.
5. ASC's were founded by visionary physician leaders, and future success requires the same.



First Analysis: Identify Existing ASC's That Could Be Acquired Or Merged
Second Analysis: Plot Distance and Prioritize Target Market

ASCs Within 50 mile radius of Campus (Using Google Earth)						
Name	Address	Phone	Affiliations	Comments	Distance	
Orthopedic & Neurosurgery Center Of Greenwich, Llc	55 Hally Hill Ln Greenwich Ct 06830-6074		Greenwich Hospital		26.45	
Greenwich GI Endoscopy Center	300 Putnam Ave Ste 102 Greenwich Ct 06830		Greenwich Hospital		26.89	
Ear O. Norberg M.D. Llc	166 W Broad St Ste 401 Stamford Ct 06902-3654		Greenwich Hospital		31.88	
Summer Street Ambulatory Surgery Center, The	1200 Summer St Ste 3100 Stamford Ct 06905-5126				32.47	
Gad Levy MD	1275 Summer St Stamford Ct 06905-5359				32.65	
Diagnostic Endoscopy Llc	776 Long Ridge Rd Westfield Ct 06092-1265				33.94	
Acoustic Surgery Center, Llc	722 Post Rd Danvers Ct 06026-4744				36.2	
New Vision Cataract Center L.L.C.	605 West Avenue L.L. Norwalk Ct 06850-0000				39.79	
Connecticut Eye Plastic Surgery Center	148 East Ave Ste 1a Norwalk Ct 06851				39.84	
Norwalk Surgery Center, Llc	40 Cross St Ste 120 Norwalk Ct 06851-4608		Health Insurance Norwalk Hospital		40	
Reproductive Medicine Associates Of Connecticut Pc	10 Glover Avenue Norwalk Ct 06850-0000				40.7	
Plastic Surgery Of Southern Connecticut Llc	208 Post Road West Westport Ct 06880-0000				42.49	
Wilson Surgery Center Llc	195 Dabbury Rd Wilton Ct 06897-4075		Stamford Hospital		43.11	
Center For Ambulatory Surgery Llc	12 Imperial Avenue Westport Ct 06888-0000				43.17	
Neil A. Gordon M.D. P.C.	139 Dabbury Road Wilton Ct 06897-0000			This is a med eye not an ASC	45.16	
Gregory Brucato M.D. Llc	18 Grove St # B Ridgefield Ct 06877-4030				45.97	
Ridgefield Surgery Center	801 Ethan Allen Hwy Ste 105 Ridgefield Ct 06877		Dabbury Hospital	New Facility Was Owned By MD At One Time	48.38	
Endoscopy Associates Of Fairfield County Pc	425 Post Rd Fairfield Ct 06424-6232				48.81	
Fairfield Surgery Center Llc	75 Knapp Highway Center Fairfield Ct 06424-6340				49.15	



Third Analysis: Cross Reference Existing ASC's To Sponsors Selection Criteria

ASCs Within 0-50 Miles from Campus (Using Google Earth)						
Name	Address	Phone	Affiliations	Comments	Distance	
Orthopedic & Neurosurgery Center Of Greenwich, Llc				H. Wadler Jones	26.45	Single Speciality
Greenwich GI Endoscopy Center			Greenwich Hospital		26.89	GI Centers/marginally interested
Ear O. Norberg M.D. Llc				Specialist Hospital MCH	31.88	GI Centers/marginally interested
Summer Street Ambulatory Surgery Center, The			THD	GI/Endo/Immun?	32.47	Multi Speciality Centers/Interested in pursuing
Gad Levy MD				Infectious Center	32.65	Multi Speciality Centers/Interested in pursuing
Diagnostic Endoscopy Llc					33.94	Multi Speciality Centers/Interested in pursuing
Acoustic Surgery Center, Llc					36.2	Multi Speciality Centers/Interested in pursuing
New Vision Cataract Center L.L.C.					39.79	Multi Speciality Centers/Interested in pursuing
Connecticut Eye Plastic Surgery Center					39.84	Multi Speciality Centers/Interested in pursuing
Norwalk Surgery Center, Llc			Health Insurance Norwalk Hospital	Conical Otolaryngol?	40	Multi Speciality Centers/Interested in pursuing
Reproductive Medicine Associates Of Connecticut Pc					40.7	Multi Speciality Centers/Interested in pursuing
Plastic Surgery Of Southern Connecticut Llc					42.49	Multi Speciality Centers/Interested in pursuing
Wilson Surgery Center Llc			Stamford Hospital	Dr Wadler Jones IMMUNOL	43.11	Multi Speciality Centers/Interested in pursuing
Center For Ambulatory Surgery Llc				THD	43.17	Multi Speciality Centers/Interested in pursuing
Neil A. Gordon M.D. P.C.				THD	45.16	Multi Speciality Centers/Interested in pursuing
Gregory Brucato M.D. Llc				This is a med eye not an ASC THD	45.97	Multi Speciality Centers/Interested in pursuing
Ridgefield Surgery Center			Dabbury Hospital	New Facility Was Owned By MD At One Time	48.38	Multi Speciality Centers/Interested in pursuing
Endoscopy Associates Of Fairfield County Pc					48.81	Multi Speciality Centers/Interested in pursuing
Fairfield Surgery Center Llc					49.15	Multi Speciality Centers/Interested in pursuing



Outcome: Limited number of existing multispecialty ASC's available for acquisition. Market defined as underserved efforts directed towards establishing de novo partnership(s).

Town	Est. Pop.	ASC (Y/N)	Distance from Campus	Hospital in Town?	# KEY Physicians
Greenwich	61,782	Y	27.62 Mb	Greenwich Hospital	5
Stamford	123,868	N	32.36 Mb	Stamford Hospital	7
Norwalk	86,490	Y	40.35 Mb	Norwalk Hospital	6
Bridgeport	145,638	Y	51.72 Mb	Bridgeport Hospital Saint Vincent's Medical Center	5
Danbury	81,671	Y	53.41 Mb	Danbury Hospital	4
New Haven	129,585	Y	68.36 Mb	Hospital of Saint Raphael Yale-New Haven Hospital	22
Waterbury	110,189	Y	74.58 Mb	Waterbury Hospital Health Center Saint Mary's Hospital	8
New Britain	73,264	N	89.43 Mb	The Hospital of Central CT or New Britain General	4
West Hartford	63,317	N	95.88 Mb	Hebrew Health Care	5
Hartford	124,867	Y	98.40 Mb	Saint Francis Hospital and Medical Center Hartford Hospital	10
Hamden	60,868	Y	72.27 Mb	No	3
Meriden	60,770	N	82.57 Mb	Malbone Medical Center	1



Entering Foreign Markets



Situation: Internet inquiry led to Regent uncovering a substantial market opportunity in Ireland. Group of neurosurgeons wanted to establish an inpatient hospital that would house specific treatment modalities that were currently unavailable in the country. Physicians had spent a substantial amount of time, effort and money without coming to a go/no go decision. An objective, unbiased third party was needed to facilitate the process.



Regent's Decision To Move Forward

1. Ireland's payment system is similar to the proposed US system with a high percentage (48%) enrolled in the government program and 52% of the populace privately insured.
2. There are only a 4-5 payers in the market to contend with; the dominant payer (VHI) controlling 65% of the insured market.
3. The proposed technology would be the cornerstone of a larger strategy that could accommodate the emerging tourism market on a cost basis.
4. Regent has specific expertise within its leadership structure familiar with the healthcare delivery system, the selected physician partners, the technology and the culture itself.
5. As an entrepreneurial company with the uncertainty associated with healthcare reform, Regent wanted to expand its presence into other economies and healthcare venues.
6. Physician/Hospital joint ventures do not exist.
7. Freestanding Ambulatory Surgery Centers do not exist...they are called hospitals.
8. The joint venture concept between physicians and hospitals in itself is a foreign concept.



Our Experience

- Prior to moving forward, a "deep dive" into patient data is/was needed to identify physician referral patterns/case volumes and per case reimbursement profitability.
- As an unbiased third party, we were able to manage the review process, and in this case, talk the physicians out of an idea that would have ended in BK for them and us.
- Cultural differences need to be recognized and trust is not immediately secured.
- Transparency in financial dealings is paramount given cultural.
- Prior to investing any money, it is essential that any venture secure the support of physician advisors within the insurance panels or face economic uncertainty.



What We Have Learned

1. Do your homework upfront on the delivery system.
2. Understand EU tax laws inside and out prior to investing. VAT tax structure in particular.
3. Paperwork and bureaucratic review is constant
4. As an early entrant regulatory bodies will error on the side of caution.
5. It is expensive.
6. It is difficult to maintain momentum given the current delivery model for the physicians.
7. Margins are tight.



What We Have Accomplished

1. Secured partnership with leading privately held hospital – Hermitage Medical Clinic.
2. Used technology and the access to treatment as the catalyst of a transaction.
3. Aligned the financial interest of key physician drivers.
4. Used the technology as a platform to establish a larger and more comprehensive service line (COE).
5. Recruited additional providers as a means to gain market share.
6. Improved the standard of care.



Questions and Answers

Regent Surgical Health

Michael McKeivitt
Senior Vice President
Phone: 312.848.5301
E-mail: mmckeivitt@regentsurgicalhealth.com


