# Strategies For ASC Developers To Enter New Markets

Acquisitions vs. De Novo Opportunities National vs. International Initiatives

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## **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**

- Opportunity abounds in the ASC industry given the national focus associated with healthcare reform and the need to reduce the cost of care.
- 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 abolloge a unique personations as to the true.
- 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.
- ASC's were founded by visionary physician leaders, and future success requires the same.





# **Regent Facilities/Partners**

PERMYORS, P.L. 2. Surgery Center of Mount Dora Mount Dora, FL Partnered With Leesburg Hospital

New York Eye and Ear Infirmary/Manhattan Manhattan, NY

Manhattan, NY

\*In Development, Pending CON Approval
Panhased Winterfeath Profit Eye and Ear Inflamey Brooklyn
Brooklyn, NY

\*In Development, Pending CON Approval
Partnered With New York E---

S. Robert Wood Johnson Endoscopy Center
East Brurswick, NJ
Parhmered With Robert Wood Johnson University
Riggings
6. Ambulstony Surgical Pavillion at Robert Wood Johnson University
Parhmered With Robert Wood Johnson University. Hospitalised With Robert Wood Johnson University. Hospi

Marietta Surgery Center
 Marietta, OH
 Partnered With Marietta Memorial Hospital
 K. Knightsbridge Surgery Center
 Columbus, OH
 Partnered With Ohio Health

9. Medical Center at Elizabeth Place Dayton, OH on red With Kettering Health System

Center Morton Grove, IL 14. Loveland Surgery Center

15. High Plains Surgery Center Cheyenne, WY Cheyenne, WY
Partnered With Cheyenne Regional Medical
16. Providence Health System Portland
Portland, OR
Viledon CR

17. Surgery Center of Reno Reno, NV

18. Advanced Surgery Institute Santa Rosa, CA Partnered With Santa Rosa Memo 19. Endoscopy Center of Lodi Lodi, CA Sentenced With Lodi Memorial His

Lodi, CA Partnered With: Lodi Memorial Hospital 20. Lodi Outpatient Surgical Center Lodi, CA Partnered With Lodi Memorial Hospital 21. Surgery Center of Anchorage Appeters.

ith Hermitage Medical Clini 23.Cyber Knife Ireland Dublin, Ireland "Under Development Partnered With Hermitage

24. Stem Cell Clinic

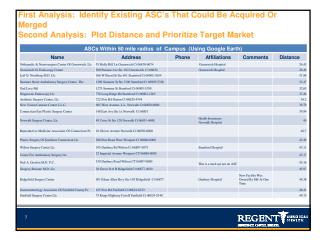
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## Case Study - New Market Expansion Strategy

Situation – Large (urban area) academic medical center seeks to implement an ASC strategy with specific goals/objectives

- ✓ Increase geographic coverage and ease of access for both patient and physician.
  ✓ Enter new markets as a means to gain market share.
- ✓ Minimize cannibalization of existing surgical volumes.
- ✓ Enable hospital leadership to move (some/selected) cases into a more cost efficient setting.
- ✓ Partner with the larger physician community as a means to recruit secure tertiary care referrals and "backfill" cases lost to the ASC with inpatient admissions and/or ancillary services revenue.
- √ Create a critical mass of physician talent capable of taking on "risk" associate with population health management (ACO).

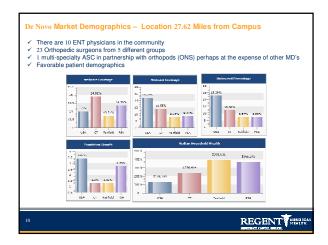


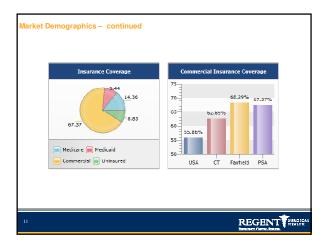


ASCs Within 0-50 Miles from Campus, (Using Google Earth)					
Name	Address	Phone	Affiliations	Comments	Distance
Othopedic & Neurosurgery Center Of Greenwich, Lie Greenwich Gi Endoscopy Center			Greenwich Hospital Greenwich Hospital	JV Weds / Thurs	26.45 26.49
ari O. Nordberr M.D. Lie			Greenwich riospina	Starnford Hospital	31.88
			TRD	MOB Cloud CON Frid??	
sammer Street Ambulatory Surgery Center, The			IBD		32.47
lad Lavy Md Namostic Endoscony Llc				Infertility Center	32.65 33.46
iesthetic Surgery Center, Lle					36.2
New Vision Cataract Center L.L.C.					39.76
Connecticut Eye Plastic Surgery Center					39.84
Sorwalk Surgery Center, Lie			Health Inventures Norwalk Hospital	Coastal Orthopedics?	40
Reproductive Medicine Associates Of Connecticut Pc					40.7
Plastic Surgery Of Southern Connecticut Llc					42.46
Wilton Surgery Center Lie			Stamford Hospital	JV w/ MD and AMSURG	43.11
Center For Ambulatory Surgery Llc				TBD	43.17
Sril A. Gordon M.D. P.C.			This is a med sna not an ASC		45.16
litegory Brucato M.D. Lle				TBD	45.97
Gdgefield Surgery Center			Danbury Hospital	New Facility Was Owned By MD At One Time	48.38
lastroenterology Associates Of Fairfield County Pc				lime	48.41
Pairfield Surgery Center Lie					49.15

equisition. Market defined as underserved efforts directed towards establishing Town Est. Pop. ASC (Y/N) Distance from Campus Hospital in Town? # KEY Physicians Groenwich 61,782 Y 27.62 Mi Greenwich Hospital 123,868 32.36 Mi Norwalk Y 40.35 Mi Norwalk Hospital Bridgeport Hospital Saint Vincent's Medical Center 145,638 Y 51.72 Mi Y 129,585 68.36 Mi 74.58 Mi Waterbury Hospital Health Center Saint Mary's Hospital 95.88 Mi Hebrew Health Care 63,317 98.40 Mi Saint Francis Hospital and Medical Center Hartford Hospital 60,868 72.27 Mi No 60,770 82.57 Mi REGENT

utcome: Limited number of existing multispecialty ASC's available for





## **Outcome: Lessons Learned**

- 1. Need to move quickly....Despite favorable market conditions, we could not bring partnership to closure.
- 2. Regulatory process creates substantial barrier to entry

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## **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 modallities 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**

- 2.
- 3.
- 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.

  There are only a 4-5 payers in the market to contend with; the dominant payer (VHI) controlling 65% of the insured market.

  The proposed technology would be the cornerstone of a larger strategy that could accommodate the emerging tourism market on a cost basis.

  Regent has specific expertise within its leadership structure familiar with the healthcare delivery system, the selected physician partners, the technology and the culture itself.
- As an enterpreneurial company with the uncertainty associated with healthcare reform, Regent wanted to expand its presence into other economies and healthcare venues.

  Physician/Hospital joint ventures do not exist.
- Freestanding Ambulatory Surgery Centers do not exist...they are called
- 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
- 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
- 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

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





#### **Questions and Answers**

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