

9th Annual Orthopedic, Spine and Pain Management-Driven ASC Conference

Best Practices in Physician Syndication

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THE SECURITIES GROUP, LLC

Practice **Partners**
IN HEALTHCARE, INC.
Surgery Centers

Choosing to Add a Partner

- New vs. existing center
- Availability of OR time
 - Flexibility of current partners
 - Extending the surgical day
- CON state concerns

Choosing the Right Partner

- Surgical Specialty
 - Equipment needs
 - Case profitability
 - Scheduling
 - Staffing
 - Competition within the partnership
- Personality / partnership chemistry
- Quality
- Collect practice profiles and physician surveys

Is Your Center an Attractive Investment?

- Share Price
 - New or Existing Center
 - FMV
 - Performance and stability
- Availability of Shares
- Partnership / Operating Agreement
 - Strong document strengthens the partnership

Governing Document Provisions

- Restrictive Covenant
 - Non-compete - term, distance
- Safe Harbor
- Operational issues
 - Distributions
 - Admission of new partners
 - Use of syndication funds
 - Removal of partners

Governing Document Provisions (cont'd)

- Share transfer provisions
 - Partnership or corporate partner buyback
 - Clearly defined formulas
 - Adverse / non-adverse events
- Governance
 - Voting
 - Board of managers

Do I Need a PPM?

- Private Placement Memorandum
 - Legal document defining the offering of shares
 - Full disclosure document, defines rights / obligations, duties & framework of the operating company
 - Copies of important documents and agreements
 - Operating Agreement
 - Lease / Debt agreements
 - Competition summary

The Sales Process

- Kick-off presentation
 - Get current and future investors together
 - Presentation of key items
 - Hot-button issues
 - Tag Along, Drag along rights
 - Guarantees
 - Projections – with survey data
 - How much does it cost? Projected return on investment?
 - What happens if a partner sells their practice?
 - Identification of local/national lenders for investment financing

The Sales Process (cont'd)

- Distribution of the prospectus
 - Comprehensive document
 - ONLY takeaway document from the kick-off meeting
- Follow-up meetings with potential investors
 - Individually or in groups
 - Answer lingering questions

The Sales Process (cont'd)

- Collect subscription documents & investment checks
 - Offering should have a defined expiration date –
 - Allow for CPA & attorney review
 - Maintain momentum
 - Mindful of the calendar
 - Not open long enough to lose momentum
