

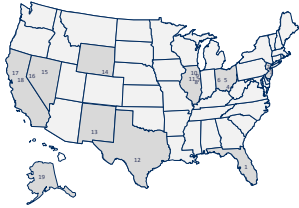


Discussion Outline

- Our Experience
- Changing Dynamics in Healthcare Market
- Organization and Governance Issues
- Case Study



RSH's Current Facilities Span the Country



1. Surgery Center of Mount Dora
Mount Dora, FL
2. Pennine Ambulatory Surgical Center
Under Development
Bayonne, NJ
Partnered with Bayonne Medical Center
3. Robert Wood Johnson ABC
Under Development
New Brunswick, NJ
Partnered with Robert Wood Johnson University Hospital
4. Marietta Surgery Center
Marietta, OH
Partnered with Marietta Memorial Hospital
5. Knightbridge Surgery Center
Columbus, OH
Partnered with OhioHealth
6. Medical Center at Elizabeth Place
Dayton, OH
Partnered with Kettering Health System
7. Palco SurgiCenter
Palco Heights, IL
Partnered with Palco Community Hospital
8. Midland Surgical Center
Springdale, IL
Partnered with Kishwaukee Community Hospital
9. IL Sports Medicine and Orthopedic Surgery Center
Morton Grove, IL
10. Ravine Way Surgery Center
Glenview, IL
11. Swedish Covenant ABC
Under Development
Chicago, IL
Partnered with Swedish Covenant Hospital
12. The Center for Special Surgery at TCU
San Antonio, TX
13. Southern New Mexico Surgery Center
Albuquerque, NM
14. Cheyenne Surgical Center
Cheyenne, WY
15. Burnie Surgery Center at Saint Mary's-Gallia
Gallia, WV
Partnered with Catholic Healthcare West
16. Surgery Center of Reno
Reno, NV
Partnered with Catholic Healthcare West
17. Advanced Surgery Institute
Santa Rosa, CA
18. Lodi Outpatient Surgery Center
Lodi, CA
Partnered with Lodi Memorial Hospital
19. Surgery Center of Anchorage
Anchorage, AK

■ Facility Includes Ortho and/or Spine ■ Facility Has No Ortho and/or Spine



Regent Surgical Health

- 18 of 19 current facilities do Ortho and/or Spine cases
- The three centers being developed all have Ortho and/or Spine
- Regent Spine Program / Visiting Surgeon



Changing Dynamics in Healthcare Market

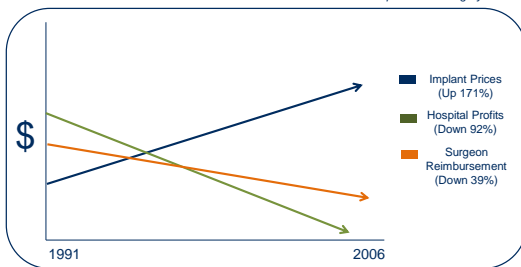


Economic Forces are Leveling the Playing Field

- There are more ASC's now than there are hospitals
- Fewer new projects with fewer number of physicians available for recruitment
- Each market is different but physician behavior (needs) is consistent when it comes to recruitment
- Collaborative strategies will yield a larger opportunity
- Physicians who are historically Hospital-based are being challenged

Reverse This Unsustainable Trend

Implant Costs vs. Surgeon Reimbursement vs. Hospital Profit
Joint Replacement Surgery

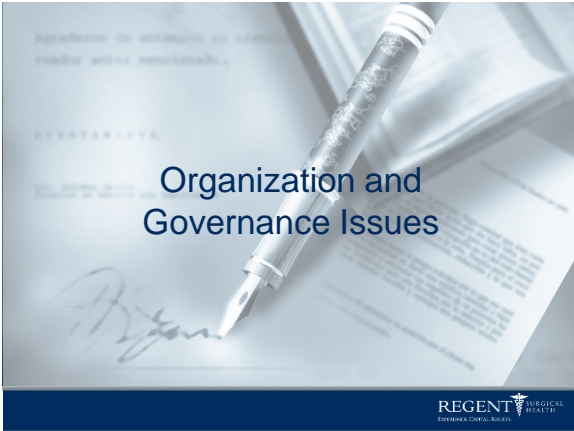


The Reality

"The future success of neurosurgical practice depends upon efficient management and detailed business acumen.

No practice anywhere, whether private or academic, urban or rural, general or subspecialty, solo or group, can escape the financial vise of falling reimbursements and rising practice costs."

James R. Bean, MD



Laying the Groundwork

- How Do you Get Started Adding Ortho and/or Spine?
 - Board Approval
 - Physician Recruitment
 - Equipment Requirements
 - Implant Costs
 - Staffing Review
 - Managed Care Contracts

The collage includes a microscope, a set of surgical instruments, a stethoscope, and a group of people, likely medical professionals, in a clinical setting. The Regent Surgical Health logo is in the bottom right corner.

Objectives of an Ortho/Spine ASC

- Enhance Patient Care
- Promote Efficiency
- Surgeon Comfort
- Delivering Higher Quality
- Achieve Financial Success
- Avenue for surgeon control
- Passive Income stream
- Hospital partnership

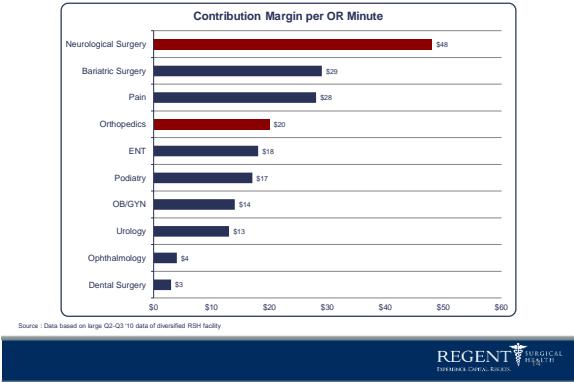
A doctor in a white coat is talking to a patient who is using crutches. The patient is a man in a striped shirt and jeans. The doctor is a woman with long blonde hair. They are in a clinical setting. The Regent Surgical Health logo is in the bottom right corner.

Costs to Develop an Ortho and/or Spine Program

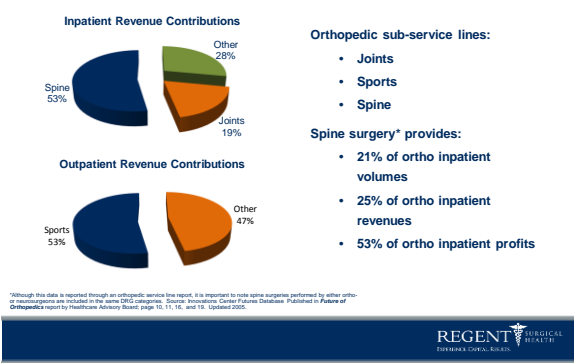
Orthopedics		Spine	
Equipment	Estimated Cost	Equipment	Estimated Cost
Power Equipment* Srn/Lg Bone Drill and accessories Pneumatic Micro Drill and accessories	\$140,463.16	Power Equipment* Pneumatic/Electrical Drill Lg Bone Battery Drill	\$150,714.49
Positioning/Misc. Equipment Positioners Immobilizers Extremity Table Beach Chair and Accessories Plaster Spreader/Cast Cutter	\$17,576.07	Misc. Equipment Neuro Microscope Horseshoe Headrest Cervical Headrest OR Table Extender (for Spine)	\$249,082.86
Instrument Trays ACL Soft Tissue Arthro Dissecting Hand/Micro Hand Wrist Major/Minor Ortho Arthroscopy/Open Shoulder	\$29,159.20	Instrument Trays Lami Soft-Tissue Cervical Laminectomy Micro Neuro Ortho Laminectomy Retractor System	\$47,727.86
Video Equipment/Accessories	\$16,128.75	Total	\$447,525.20
Total	\$203,327.20	*If Adding Both Ortho and Spine, much of the Power Equipment is the same for both specialties.	

REGENT SURGICAL HEALTH
ORTHOPAEDIC SPECIALTY

Spine and Ortho Show Good Returns With Less Staff Time



Orthopedic Sub-Service Lines



Case Study - Reno, NV Outcomes

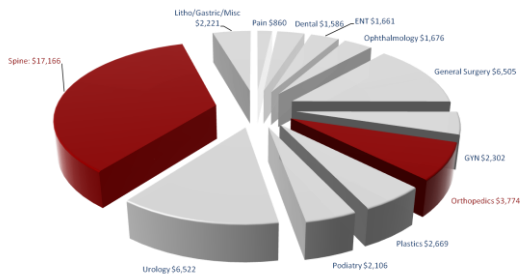


Reno NV ASC

- Joined Regent in 2005
- 115 Total Physician Utilizers
 - 20 Orthopedic Surgeons
 - 3 Spine Surgeons
- YTD 2010 – 4,250 Surgeries Performed
 - 661 Ortho Surgeries
 - 77 Spine Surgeries

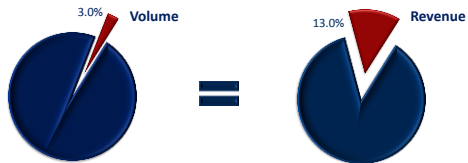


Net Revenue Spine and Ortho Services versus Other Specialties



Adding New Services Conducive to Outpatient Environment

A small percentage of volume can translate into a large percentage of revenue



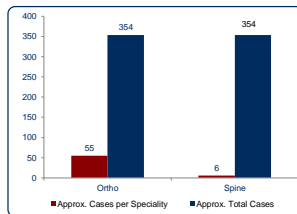
YTD 2010 Spine Cases

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ORTHOPAEDIC & SPINAL

Average Monthly Spine and Ortho vs. Total OR Cases

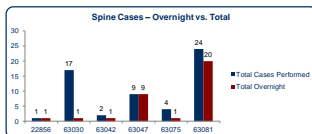
Approx. 354 Cases/Month
Approx. 6 Cases/Month Spine
Approx. 55 Cases/Month Ortho

Avg. Net Revenue
Ortho: \$3774/Case
\$207,877/Month
Spine: \$17,166/Case
\$110,148/Month

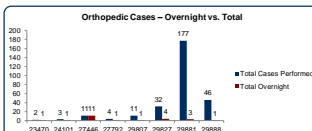


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ORTHOPAEDIC & SPINAL

Overnight Capability = Higher Acuity Cases



22856: TOTAL DISC ARTHROPLASTY (ARTIFICIAL DISC)
63030: LAMINOTOMY (HEMILAMINOTOMY), WITH DECOMPRESSION OF NERVE ROOT(S), OPEN OR LAPAROSCOPIC
63042: LAMINOTOMY (HEMILAMINOTOMY), WITH DECOMPRESSION OF NERVE ROOT(S)
63047: LAMINOTOMY, FACETECTOMY AND FORAMINOTOMY
63075: DISCECTOMY
63081: VERTEBRAL CORPECTOMY (ACDF)



23470: HUMERAL HEAD RESURFACING (HEMARTHROPLASTY)
24101: (ARTHROTOMY, ELBOW, WITH JOINT EXPLORATION
27446: (OXFORD PARTIAL KNEE REPLACEMENT (ARTHROPLASTY)
27792: (OPEN TREATMENT OF DISTAL FIBULAR FRACTURE (ARTHROPLASTY)
29807: (ARTHROSCOPY, SHOULDER, REPAIR OF SLAP LESION
29827: (ARTHROSCOPY, SHOULDER, WITH ROTATOR CUFF REPAIR
29881: (ARTHROSCOPY, KNEE, WITH MENISCECTOMY
29888: (ARTHROSCOPICALLY AIDED ACL REPAIR OR RECONSTRUCTION

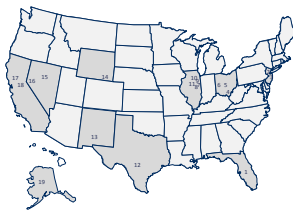
REGENT SURGICAL
ORTHOPAEDIC & SPINAL

Conclusion

- Adding more complex cases can significantly increase revenue
- Motivated and committed physicians and staff are critical to the success of the center
- Manage for profitability and work to improve not only the quality of care, but also the business of care



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Thank You

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