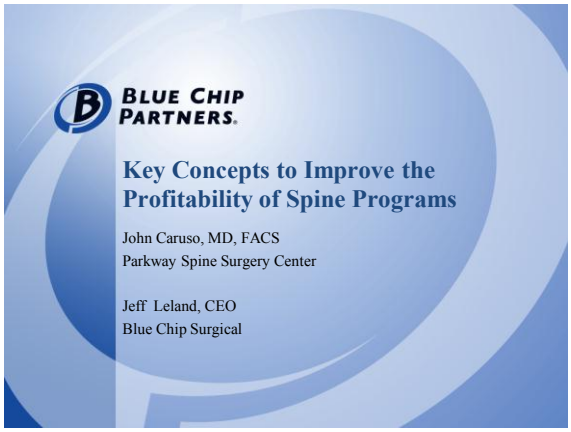
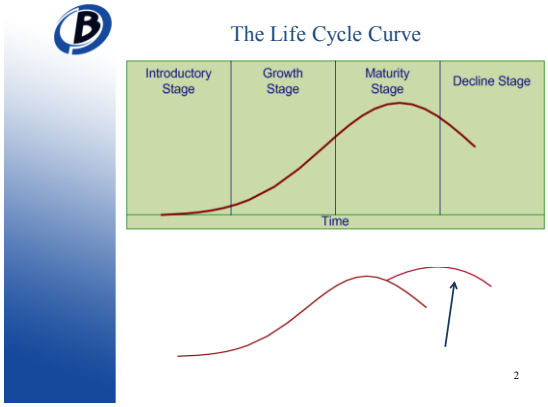
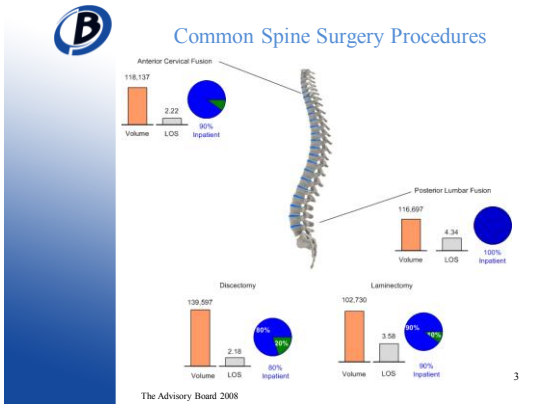

BLUE CHIP PARTNERS
Key Concepts to Improve the Profitability of Spine Programs
John Caruso, MD, FACS
Parkway Spine Surgery Center
Jeff Leland, CEO
Blue Chip Surgical


The Life Cycle Curve
Introductory Stage
Growth Stage
Maturity Stage
Decline Stage
Time
2


Common Spine Surgery Procedures
Anterior Cervical Fusion
118,137
2.22
90% Inpatient
Volume
LOS
Posterior Lumbar Fusion
116,697
4.34
100% Inpatient
Volume
LOS
Discectomy
139,597
2.18
80% Inpatient
Volume
LOS
Laminectomy
102,730
3.58
90% Inpatient
Volume
LOS
3
The Advisory Board 2008

Best Practices – Clinical

- Best procedures at the moment…...
  - 63030 Single level lumbar laminotomy &/or excision of intervertebral disc
  - 63075 Single level ACDF
  - 63047 Lumbar laminectomy, facetectomy and foraminotomy
  - 63042 Redo One level lumbar laminotomy &/or excision of intervertebral disc
  - 63020 Single level cervical laminotomy &/or excision of intervertebral disc

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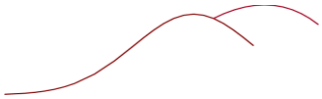
Extending the life cycle curve, improving profitability



- Add spine, hips and knees
- Add surgeons
- New procedures
- Direct Access – bypass the surgeon's office - direct marketing of the capability, convenience, quality and safety – direct to the consumer / patient

5

Recognize the Challenges

- Business planning and projections
- Surgeon selection/syndication
- Anesthesia
- Staffing, team-building, crisis training
- Processes and training
- Pay attention to the details
  - Case costing
  - Contracts & EOBs
  - Direct access scheduling

6

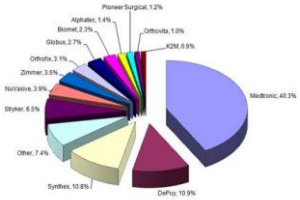
Best Practices – Business

- Careful planning and modeling
  - Optimal mix cases
- Structure: neuro, ortho, physiatrist, other specialties
- Standardize techniques, supplies and equipment
- Contracting challenges & concerns:
  - No groupers - Hospital fees set the standard
  - In-network vs. out-of-network
  - Bundled rates & Carve-outs

7

Challenges / Opportunities

- More difficult Reimbursement Policies
- Implants, supplies and instrumentation



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A Better Model for Healthcare?

Yesterday's Model ?

600 bed hospital

- All things to all people
- 24/7
- Workshop for nearly all community physicians

To replace and operate:

- -> $1m/bed
- $$,$$$/discharge

vs.

300 Bed "Receiving" Hospital

- 24/7 for the critically ill
- > $1m/bed
- $$$/discharge

+

200 Bed Hospital (scheduled and standardized)

- Closed on weekends
- > $500k/bed
- $$$/discharge

+

200 Bed Community Hospital

- 24/7
- Low intensity
- >$500k/bed
- $$$/discharge

+

Ambulatory Network

- Scheduled hours
- Outpatient activities
- Leased
- $$/discharge

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Niche, focused, specialized programs

- Spine Centers of Excellence
- Focused, niche surgery centers
  - Weight loss surgery centers
  - Surgery Centers for Women
  - Spine Surgery Centers
- Adding spine to a multi-specialty ASC can be done, but it is a challenge

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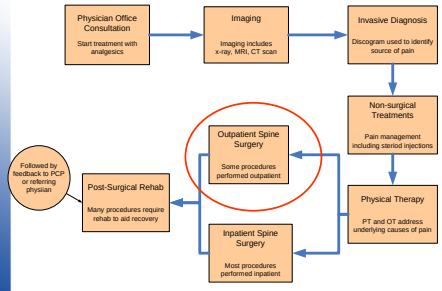
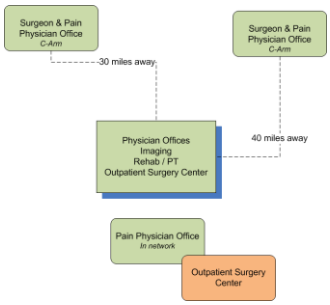
Full Spectrum of Spine Care



11

Seed region with Pain physicians and lease ASC to Pain physicians



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Questions and Discussion

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