

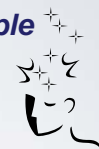
Threats to Physicians and ASCs: Obstacles and Opportunities



*Partners in Safe and Cost-Effective
Health Care*

Rob Schwartz, Managing Director
Strategic Resources

***“Innovation occurs when
ideas from different people
bang against
each other”****



**The capacity of human beings to
elaborate and refine ideas is key to
innovation and is the hallmark of
the ASC industry.**

**Steve Johnson, Where Good Ideas Come From*

National & State Challenges Confronting ASCs



- Increasing Government Regulations and Scrutiny
- Media Scrutiny
- Low/Decreasing Reimbursements
- Breaking Even/Making a Profit
- Struggles with Insurers
- Government Supporting Big Corporate Player

Internal Industry Challenges

- Indifference of physicians
- Lack of financial support
- Time constraints
- Lack of a cohesive approach
- Speaking with multiple voices
- Outliers who run ASCs that are not in compliance



New Federal Regulations on Fraud

Healthcare providers have been, and continue to be, the target of criminal, civil and administrative enforcement action.

There is a perception that fraud and abuse is rampant in the healthcare systems.

Patient Protection and Affordable Care Act mandates that providers implement and maintain a compliance program.

Are you prepared?



TheraMatrix's efforts to carve out a niche market in managing outpatient physical therapy costs was seen as a threat by officials at Blue Cross and by some Michigan hospitals.

"They tried to destroy us,"
says Robert Whitton, a physical therapist who founded TheraMatrix.

Attacks on Physicians

When promoting physician ownership restrictions, they attack physicians. They:

- Allege that you select site of service based upon your economic interests, not patients
- Accuse you of doing unnecessary procedures to make more money
- Even accuse you of not providing care to the needy in our society



You Need to Stress:

The issue is not physician ownership

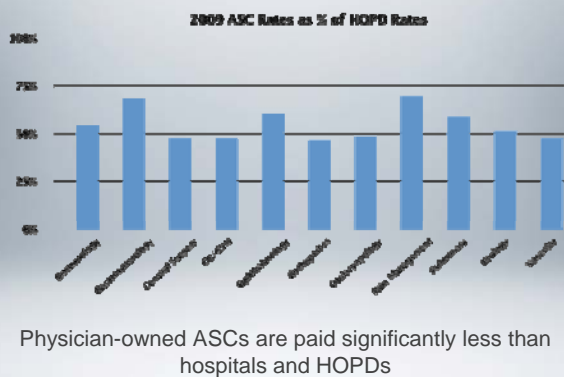
THE ISSUE IS COMPETITION

Need to Make the Case: Support FTC/DOJ RECOMMENDATIONS

States should decrease
barriers to entry into
providers markets.



ASCs need to define
issues on their terms and
not allow third parties to
define issues and
negatively define
physicians.



Leveling the Field on Reimbursement

- Wyden/Crapo letter
- CMS hostility
- Additional grassroots advocacy

ASCs - A Model of Quality and Cost Effectiveness

Satisfaction rates score high among all surgery centers (average 96%)

- Safe and high quality service
- More personal care
- Ease of scheduling
- Lower cost
- Efficient with out patients' and physicians' time



We need to define the issues on our terms!

ASC Benchmarks

- Quality Care & Improved Outcomes
- Cost Savings
- Patient Safety / Infection Control
- Patient Satisfaction
- Opportunity for Medicaid Savings

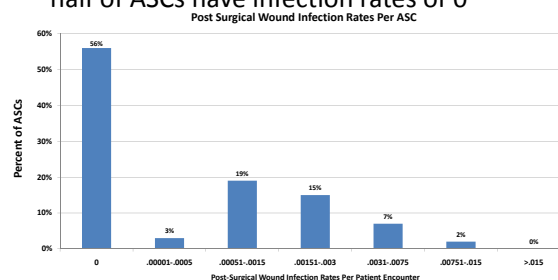
ASCs - A Model of Efficiency

Integral component of U.S. Healthcare delivery system

- 40% of outpatient surgeries performed in ASCs
- Patients have access through more than 5,200 facilities across all 50 states
- Cost effective - lower cost for patient and payer

Low Infection Rates in ASCs

- A recent national survey showed more than half of ASCs have infection rates of 0

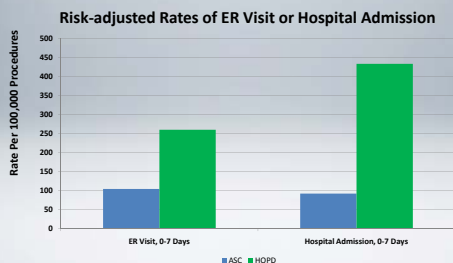


Source: 3rd Qtr 2008 ASC Association Outcomes Monitoring Project.

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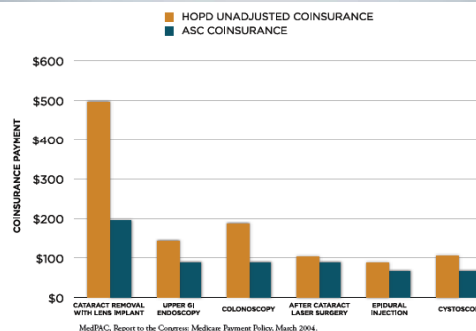
Excellent Patient Outcomes at ASCs

- ASC patients less likely to require unscheduled follow-up care at ER or hospital within 7 days of surgery

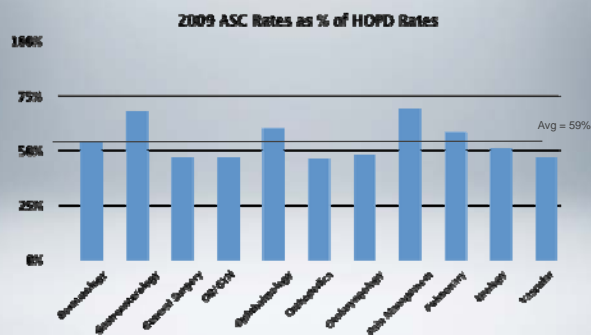


Source: Fleisher LA, Pasternak LR, Herbert R, Anderson GF. Inpatient hospital admission and death after outpatient surgery in elderly patients: Importance of patient and system characteristics and location of care. Arch Surg. 2004 Jan;139(1):67-72.

Medicare Coinsurance Rates Are Lower in ASCs



ASCs Provide a 41% Savings to Medicare



Source: ASC Association Analysis of 2009 Medicare ASC Payment Rates.

FUTURE DEMAND

A recent analysis on the impact of the aging population on the demand for surgical services forecasted **growth in demand by the year 2020 from 14 to 47 percent** depending on specialty. Declining physician population will make meeting these needs a challenge.

Potential Solutions:

- Increasing # of surgical residency positions.
- Increasing surgeon workloads
- Improving surgeon efficiency.



Utilizing ASCs, which allow physicians to practice efficiently, will help mitigate the impact on the Medicare/Medicaid population.

Etzioni DA, Liu DH, Maggard MA, Ko CY. The aging population and its impact on the surgery workforce. Ann Surg 2003 Aug;238 (2): 170-1

"We find that ASCs add considerable value to the Washington economy, with a 2009 total statewide economic impact of **\$1.87 BILLION**, including more than **\$76 million** in tax payments and the employment of about **5,850 full-time equivalent workers.**"



Legislator Tour/Briefing



There is a saying that a picture is worth a thousand words. ASCs should vigorously pursue legislators and regulators to see first hand the difference ASCs make in the lives of patients.

Are Hospitals Vulnerable?



"The only place where success comes before work is in the dictionary. The measure of who we are is what we do with what we have."

-Vince Lombardi

