THE NATIONAL REPROCESSING OPPORTUNITY

The Evolution of S.U.D. Reprocessing
Who are We?

**MEDISISS** is proud to be a wholly owned Medline Company

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MEDISISS
Full Circle Reprocessing™
Key Market Drivers

“How do I cut costs while not compromising patient care?”

Improve profitability……without impacting the quality of care.
Other Industries Reprocessing
Reprocessing is Not
Reprocessing Defined

Reprocessing is Validated:

- Cleaning
- Decontamination
- Refurbishing
- Testing
- Inspection
- Packaging
- Sterilization

… of used single-use devices
New Blade
Used Blade
Reprocessed Blade
**Key Market Statistics**

**Reprocessing Market (National)**

- $2+ Billion Dollar Annual Savings Opportunity
- $400 Million Dollars in Annual Revenue
- 15% Annual Growth in Reprocessing
- 16 of 17 U.S. News & World Report Top Twenty Hospitals Reprocess
- 3,000 Hospitals Reprocessing Today
- 1,000 are only “Donating” or “Recycling”
- 1,500 ASCs Reprocessing Today
- 70 Million Reprocessed Devices Used Nationally
- 10 Million Pounds of Waste Reduced Nationally

**ASCs**

- Opportunity: $20k Savings per Operating Room
Key Reprocessing Statistics

50% SAVINGS = ½ OF YOUR OEM PRICE

<table>
<thead>
<tr>
<th>Type of Facility</th>
<th>Current Sales Potential Per OR Suite</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Orthopedic Surgery Centers</td>
<td>$20,000 / OR Suite / Year</td>
</tr>
<tr>
<td>• Surgical Hospitals</td>
<td></td>
</tr>
</tbody>
</table>
Annual **Green Savings** Opportunity

*We’ve identified an estimated $82,202 savings opportunity annually by diverting devices to reprocessing/recycling*

<table>
<thead>
<tr>
<th>Green Savings Summary</th>
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</tr>
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<tr>
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</tr>
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<td>$ 82,002</td>
</tr>
</tbody>
</table>
The Reprocessing Industry

Reprocessing Evolved
**Reprocessing Timeline**

*Evolution – Regulation & Players*

**UNREGULATED**
- Little FDA Oversight

**REGULATION**
- FDA Intervenes, Players Leave the Market

**MARKET CONSOLIDATION**
- Players Exit & Merge

**CURRENT MARKET STATE**
- Acquisitions Complete

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2000

- FDA Pre-Market Notification Requirements
- 510(k) Submission Required
- Same as all OEMs

2002

- Hospitals Required to Cease Reprocessing
- 3rd Party Reprocessors Dwindle
- 8 Players in the Market
- OEM Marketing Slander, Legal & Contracting Campaign
- Pro-Reprocessing Studies

2008

2012

- 3 Market Players
- FDA & National Healthcare Association Support
- OEM Acquisitions
- $350 Million Market
- $2 Billion Opportunity
Breaking Down the Reprocessing Market

Market = Three Main Players

- Medline
- Stryker
- Johnson & Johnson
“None of the representatives of MedSun hospitals who participated in the FDA focus groups reported being aware of any infections related to the use of reprocessed SUDs.” Furthermore, participants stated “there were actually fewer performance problems with reprocessed SUDs than with new SUDs. According to FDA, all participants believed that reprocessing establishments are more stringently regulated by FDA than are the manufacturers of the original devices, and this provided them a sense of confidence in the reprocessing process.”

2005 Medical Product Safety Network study (MedSun)
Common Devices That We Reprocess in ASCs

**Orthopedic**
- Ablation Electrodes
- Arthroscopic Shavers & Abraders
- Carpal Tunnel Release Blades
- Drill Bits
- Burs
- Arthroscopic Trocars & Cannulas
- ACL Blades
- Saw Blades
- Rasps
- Tourniquets
- Reamers
- Suture Lassos
- Scorpion Needles
- Suture Graspers
- Suture Passers
- Suture Retrievers

**General & Plastic**
- Laparoscopic Trocars & Cannulas
- Knot Tying Instruments
- Reducer Caps
- Endoshears
- Endoclip
- Scissor Tips
- Harmonic Scalpels
- Staplers
- Colorado Micro-dissection Needles

**Ophthalmology**
- Phaco Tips

**GI Procedures**
- Hot & Cold Biopsy Forceps

**Multi Department**
- Compression Sleeves (SCDs)
- Open / Unused / Expired Items
- Pulse Oximeter Sensors
- Blood Pressure Cuffs

**ENT & Other**
- Coblators
- Adenoid Blades
- Xomed Shavers

**GYN Procedures**
- Laparoscopic Trocars and Cannulas
- Harmonic Scalpels
Reprocessing Quality

- Single-use devices in ASCs
  - Very few non-invasive single-use devices
- Look for proprietary blade sharpening and lubrication processes
- Blind studies: unable to differentiate Reprocessed devices vs. OEM’s New
- 99.96% Quality Rating
Go to Live Tour
Reprocessing Evolved

It Worked Then.....

BECKER’S

Reprocessing Evolved
The Education Difference

education professional
t raining and instr
ing people in sc
give knowledge an
Executive Dashboard Report

- Provides Real-Time Data at the ASC, Group, IDN or Facility Level
- Drill down capability by category, all the way down to the SKU level
- Savings Reports, Gap Analysis Reporting, Green Reports, Reclamation Reports all-in-one
Online Demonstration
The MEDISISS Difference

Your OWN Devices Back

No Stock-outs/Consistent Return
Pre-Clean vs. Pooling

- 40% Greater Yield
- Enzymatic Cleaner / Cavicide/ Dish Detergent
- Blood / Bioburden
Packaging
Reprocessed Devices in Sterile Procedural Trays

Reprocessed Devices in Custom Procedural Trays?
How do I validate my savings opportunity?

## Item File

<table>
<thead>
<tr>
<th>Manufacturer Catalog</th>
<th>Manufacturer</th>
<th>Item Description</th>
<th>Transaction UOM</th>
<th>Qty per UOM</th>
<th>Received Quantity</th>
<th>Received Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE36E</td>
<td>J&amp;J</td>
<td>HARMONIC ACE 36E</td>
<td>BX</td>
<td>6</td>
<td>5</td>
<td>$2,177.66</td>
</tr>
<tr>
<td>AS14160</td>
<td>ALCON</td>
<td>PACK EYE DR CANTU</td>
<td>CS</td>
<td>4</td>
<td>8</td>
<td>$2,501.76</td>
</tr>
<tr>
<td>AS528070</td>
<td>ALCON</td>
<td>PACK EYE DR DAWSON</td>
<td>CS</td>
<td>3</td>
<td>3</td>
<td>$838.32</td>
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<tr>
<td>B11LT</td>
<td>J&amp;J</td>
<td>TROCAR BLADELESS 11MM</td>
<td>BX</td>
<td>6</td>
<td>12</td>
<td>$646.36</td>
</tr>
<tr>
<td>B5ST</td>
<td>J&amp;J</td>
<td>TROCAR BLADELESS 5MM SHORT</td>
<td>BX</td>
<td>6</td>
<td>3</td>
<td>$503.28</td>
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<tr>
<td>CB5ST</td>
<td>J&amp;J</td>
<td>TROCAR SLEEVE 5MM SHORT</td>
<td>BX</td>
<td>6</td>
<td>1</td>
<td>$146.96</td>
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<tr>
<td>CD-B620LA</td>
<td>OLYMPUS</td>
<td>BIPOLAR HEMASTIS PROBE</td>
<td>EA</td>
<td>1</td>
<td>6</td>
<td>$930.00</td>
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<tr>
<td>D4606121</td>
<td>KING SYST</td>
<td>BREATHING CIRCUIT ANEST ADLT</td>
<td>CS</td>
<td>20</td>
<td>1</td>
<td>$84.29</td>
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<td>DYND50420</td>
<td>MEDLINE</td>
<td>DRAIN PENROSE 1/4 X 18 INCH</td>
<td>CS</td>
<td>25</td>
<td>1</td>
<td>$8.72</td>
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<tr>
<td>DYND50421</td>
<td>BARD</td>
<td>DRAIN PENROSE 3/8 X 12 INCH</td>
<td>BX</td>
<td>50</td>
<td>1</td>
<td>$10.34</td>
</tr>
</tbody>
</table>
What is a Master Item File?
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The Savings Opportunity

Chicago Medical Center
Estimated Potential Annual Savings by Device Category

Reprocessed Today

<table>
<thead>
<tr>
<th>Device Category</th>
<th>Annual Usage</th>
<th>Annual OEM Cost</th>
<th>Estimated Annual Reprocess Quantity</th>
<th>Estimated Potential Annual MEDISISS Spend</th>
<th>Estimated Potential Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ablation Electrodes</td>
<td>410</td>
<td>$95,960.00</td>
<td>308</td>
<td>$36,040.00</td>
<td>$36,040.00</td>
</tr>
<tr>
<td>Arthroscopic Abraders</td>
<td>265</td>
<td>$14,024.33</td>
<td>170</td>
<td>$4,498.37</td>
<td>$4,498.37</td>
</tr>
<tr>
<td>Arthroscopic Shavers</td>
<td>1,085</td>
<td>$54,013.81</td>
<td>674</td>
<td>$16,776.65</td>
<td>$16,776.65</td>
</tr>
<tr>
<td>Arthroscopic Shavers - Xomed</td>
<td>105</td>
<td>$21,024.00</td>
<td>77</td>
<td>$7,708.80</td>
<td>$7,708.80</td>
</tr>
<tr>
<td>Compression Sleeves</td>
<td>19,134</td>
<td>$575,529.53</td>
<td>15,116</td>
<td>$227,640.95</td>
<td>$227,016.87</td>
</tr>
<tr>
<td>General Surgery</td>
<td>251</td>
<td>$22,411.58</td>
<td>156</td>
<td>$6,964.44</td>
<td>$6,964.44</td>
</tr>
<tr>
<td>Laparoscopic Hand Instruments, Non-Electric</td>
<td>462</td>
<td>$131,027.09</td>
<td>384</td>
<td>$54,403.68</td>
<td>$54,400.68</td>
</tr>
<tr>
<td>Orthopedic Manual Surgical Instruments (Class I)</td>
<td>5,872</td>
<td>$522,272.82</td>
<td>4,937</td>
<td>$219,642.97</td>
<td>$219,642.97</td>
</tr>
<tr>
<td>Phacoemulsification Tips</td>
<td>1,872</td>
<td>$98,046.00</td>
<td>1,385</td>
<td>$36,270.72</td>
<td>$36,270.72</td>
</tr>
<tr>
<td>Pulse Oximeter Sensors</td>
<td>70,996</td>
<td>$614,249.34</td>
<td>61,767</td>
<td>$342,579.00</td>
<td>$191,822.25</td>
</tr>
<tr>
<td>Suture Retriever/Passer</td>
<td>180</td>
<td>$24,480.00</td>
<td>121</td>
<td>$8,228.00</td>
<td>$8,228.00</td>
</tr>
<tr>
<td>Tourniquets</td>
<td>850</td>
<td>$18,306.00</td>
<td>697</td>
<td>$7,603.50</td>
<td>$7,406.50</td>
</tr>
<tr>
<td>Trocars &amp; Cannulas (Class I)</td>
<td>575</td>
<td>$16,411.15</td>
<td>310</td>
<td>$4,423.58</td>
<td>$4,423.58</td>
</tr>
<tr>
<td>Trocars &amp; Cannulas (Class II)</td>
<td>75</td>
<td>$10,002.63</td>
<td>47</td>
<td>$3,127.74</td>
<td>$3,127.74</td>
</tr>
<tr>
<td>Ultrasonic Scalpels</td>
<td>66</td>
<td>$24,250.60</td>
<td>40</td>
<td>$7,348.67</td>
<td>$7,348.67</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>102,198</strong></td>
<td><strong>$2,242,008.88</strong></td>
<td><strong>86,189</strong></td>
<td><strong>$983,257.05</strong></td>
<td><strong>$831,679.22</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product Group</th>
<th>Annual Usage</th>
<th>Annual OEM Cost</th>
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<th>Estimated Potential Annual MEDISISS Spend</th>
<th>Estimated Potential Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>216-Applied Med</td>
<td>19,008</td>
<td>$244,735.68</td>
<td>11,786</td>
<td>$101,702.27</td>
<td>$50,038.67</td>
</tr>
<tr>
<td>216-Covidien</td>
<td>648</td>
<td>$17,304.28</td>
<td>402</td>
<td>$5,410.13</td>
<td>$5,324.60</td>
</tr>
<tr>
<td>700-EP Catheter</td>
<td>460</td>
<td>$128,590.80</td>
<td>321</td>
<td>$45,001.78</td>
<td>$45,001.78</td>
</tr>
<tr>
<td>901-Vessel Sealers</td>
<td>1,428</td>
<td>$841,788.28</td>
<td>999</td>
<td>$294,544.89</td>
<td>$294,544.89</td>
</tr>
<tr>
<td>902-Monopolar Laps</td>
<td>120</td>
<td>$7,186.72</td>
<td>84</td>
<td>$2,517.06</td>
<td>$2,517.06</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>21,664</strong></td>
<td><strong>$1,239,605.76</strong></td>
<td><strong>13,592</strong></td>
<td><strong>$449,176.13</strong></td>
<td><strong>$397,427.00</strong></td>
</tr>
</tbody>
</table>

Grand Total Savings Potential: **$1,229,106 / Year**
Come take a Tour
Does your company provide site visits at your manufacturing site for healthcare facility staff?

Sample tour agenda for our Reprocessing facility:

<table>
<thead>
<tr>
<th>Time</th>
<th>Team Member</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Day Of Arrival</strong> 7:00 PM</td>
<td>All Executives</td>
<td>Dinner in Bend, Oregon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review of Tour Expectations</td>
</tr>
<tr>
<td><strong>The Following Day</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8:00 – 9:00</td>
<td>All Executives</td>
<td>Arrive at MEDISISS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The History of MEDISISS</td>
</tr>
<tr>
<td></td>
<td>Jason Wandersee</td>
<td>The Evolution of Reprocessing</td>
</tr>
<tr>
<td></td>
<td>Joyce Elkins</td>
<td>Tour of the Production Facility</td>
</tr>
<tr>
<td></td>
<td>Brandi Panteleon</td>
<td>Quality Assurance Review</td>
</tr>
<tr>
<td>10:00 – 11:00</td>
<td>Tim Merchant</td>
<td>A Review of MEDISISS OnDemand</td>
</tr>
<tr>
<td></td>
<td>Jason Wandersee</td>
<td>Questions and Answers from Tour</td>
</tr>
<tr>
<td>11:30 - 12:30 PM</td>
<td>All Executives</td>
<td>Lunch at Diego’s in Redmond, Oregon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wrap up and Final Questions</td>
</tr>
<tr>
<td>1:30 PM</td>
<td></td>
<td>Flight Home</td>
</tr>
</tbody>
</table>
Reprocessing: Math that works

Guaranteed savings
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