

WHAT IS THE FUTURE FOR

SOLO PHYSICIANS

VS.

SUPER GROUPS

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Disclaimer

An expert is...

- 1) somebody who is more than 50 miles from home,
- 2) has no responsibility for implementing the advice given,
- 3) and lots of shows slides

The best way to predict the
future is to create it!

Peter Drucker

Gastro Health

100+ Physician - Multi-Specialty group Digestive Health Focus

- 85 Gastroenterologists
- 10 Pediatric Gastroenterologists
- 5 Colorectal Surgeons
- 3 Pathologists
- 2 Radiologists
- 4 Anesthesiologists
- 12 Anesthesia CRNAs
- 7 Nurse Practitioners and Physicians Assistants
- 1 Nutritionist

Pressures on Gastroenterologists

- Control costs
- Increase services and functionality
- Answer to numerous clientele
- Subject to stringent regulations and oversight
- Environment of decreasing reimbursements

Future

- Narrow Managed Care Provider Networks
- Cost reduction will be dominant force
- Massive Consolidation of Health Systems
- Massive Consolidation of Payers
- Massive Consolidation of Physician Practices
- Practices that demonstrate value (quality/cost) will win
- Shift from Volume to Value Reimbursement
- Hospital Acquisition of Physician Practices
- Private Equity and Public Companies Physician Practice Acquisition

Future of Healthcare Delivery

- Your ability to demonstrate high value gives you an edge at the negotiating table with health plans.
- Community physicians preferentially refer patients to your organization because they feel they get superior care, and always know their patients' status.
- Achievements of your organization are frequently cited and its leaders serve on national committees.

Future of Healthcare Delivery

- Patients spend more time receiving care than waiting in waiting rooms.
- You offer patients multiple ways (e.g., internet, kiosk, telephone nurse advice) to access information and support, aside from just one-on-one encounters and telephone calls to their physician.
- Patient information is collected only once and then shared across settings and divisions.

Future of Healthcare Delivery

- Your providers can access the information they need at the point of decision-making—i.e. from home or the office, as well as anywhere at the hospital.
- Patients are empowered to participate in their care and receive safe care at home.
- All of the managed care plans seek you out because they know you are the low-cost provider.

Change Organizational Conversations

- **From**- employment, independence, autonomy, control, power (“Cowboys”)
- **To**- clinical integration, standardization, reliability, consistency, shared leadership and influence (“Pit crews”)

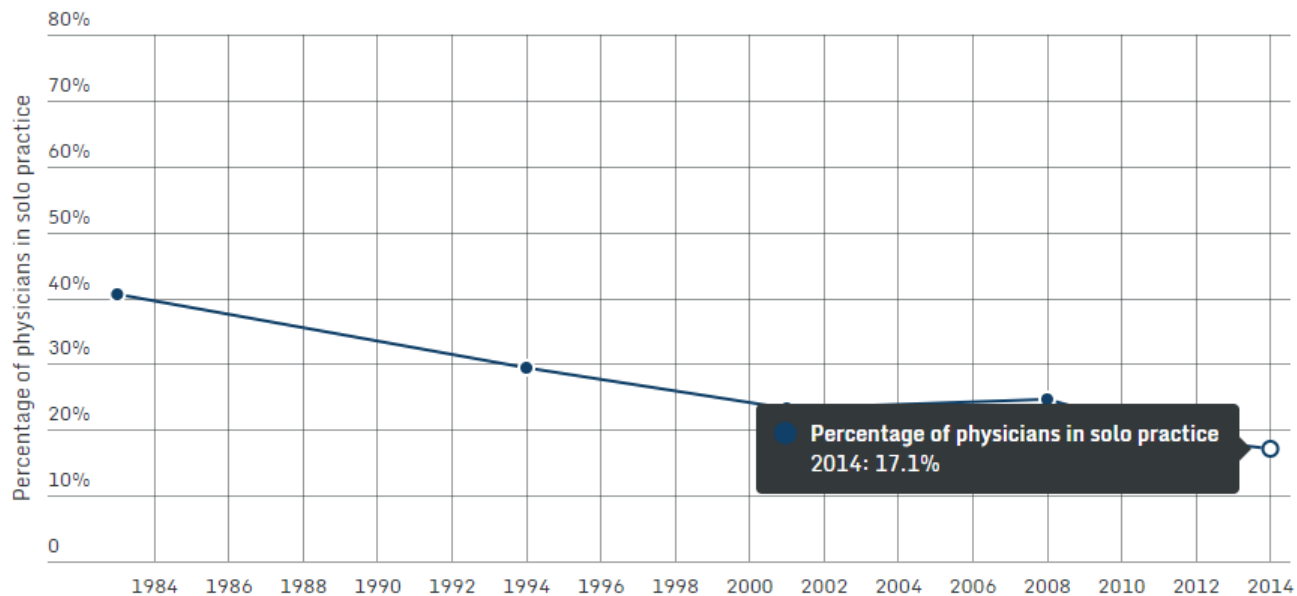
Five Competencies

1. Ability to design, organize, and manage an efficient and effective clinical delivery system.
2. Ability to integrate care across time, settings, providers, and geography.
3. Ability to innovatively price and cost account for care delivery.
4. Ability to rationally distribute premium and potential dollar savings.
5. Ability to live and thrive simultaneously in 2 potentially contradictory models for a significant period of time.

“In times of great change
you can fight it and die,
accept it and live,
or lead it and prosper.”

Ray Noorda
CEO Novell

Exhibit 1 Solo Practice Has Declined Over the Past Three Decades



Source: Kane CK, Emmons DW, "New Data On Physician Practice Arrangements," American Medical Association, 2013; Kane CK, "Updated Data on Physician Practice Arrangements: Inching Toward Hospital Ownership," American Medical Association, 2015.

A photograph of a sumo wrestler and a child in a ring. The sumo wrestler is in the background, wearing a dark mawashi, in a crouching stance. The child is in the foreground, wearing a red mawashi, also in a crouching stance. The text 'BIGGER IS BETTER' is overlaid in the center in a large, bold, red font.

**BIGGER
IS BETTER**

Consider the following

- Does the group have any ancillary operations to which the physician would also want to be admitted?
- What are the group's arrangements concerning on-call coverage?
- Does the group provide medical malpractice liability insurance coverage for all its physicians?
- Does the group require noncompetition agreements from its physicians?

Consider the following

- How are you going to be compensated?
- Are special privileges accorded to particular "senior" or "founding" members of the group?
- What is the group's policy with respect to disability, pension plans and benefits?
- What is the physician entitled to receive upon withdrawal from the group?

Ancillary Services

- Can augment practice service and revenues.
- Diversify your portfolio



Gastro Health Ancillaries

- Anesthesia
- Pathology
- Imaging Center (CT and US)
- Diagnostic, Manometry, Motility
- Infusion
- RX Dispensing Pharmacy
- Weight loss Center
- Clinical Research

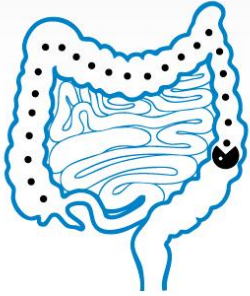
Centers of Excellence

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- Crohn's and Colitis
- Women's Health
- Liver Disease
- Heartburn and GERD



Marketing

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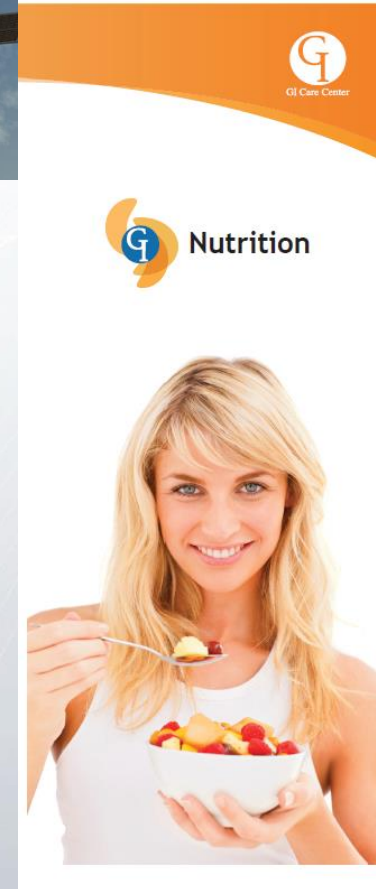
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REGULATORY AND COMPLIANCE ISSUES

- Anti Trust
- Stark I-II-III
- Designated health service
- Group exception
- Avoid anti-markup rule
- Often tests must be performed at office site where full range of patient care services performed

Thomas Edison

“Vision without execution is
hallucination.”

DETERMINANTS OF SUCCESS

- Vision
- Leadership
- People
- Process
- Partnership development

Charles Darwin

“It is not the strongest that survive,
or the most intelligent,
but
the most responsive to change”.

W. Edwards Deming

“It is not necessary to change.
Survival is not mandatory.”

HEALTHCARE PREDICTIONS

- **HEALTHCARE PREDICTION #1:**
Physician Consolidation
- **HEALTHCARE PREDICTION #2:**
Stress on Health Care Systems
- **HEALTHCARE PREDICTION #3**
Physician Dominance Restored

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