“With Change Comes Opportunity”

Charles Handy

Evolving Opportunities in Orthopedic Market

Global Orthopedic Network Associates, LLC
“The GO Network”
Evolving Healthcare....

• Affordable Care
• Accountable Care Organizations
• Clinical Decision-Making Transition from Surgeons to 3rd Parties
• Outcomes Focus and Accountability
• CCJR Medicare Initiative
Key Criteria for Success in Evolving Orthopedic Market
Emerging Opportunities to Win Patients

• Orthopedic Urgent Care

• New, Emerging Technologies that Attract Patients

KneeKG
Orthopedic Urgent Care: The Opportunity

- Forbes Magazine July 21, 2014 Issue: “Drive Thru Healthcare, How McDonald’s Inspired an Urgent Care Gold Rush”
  - “10,000 urgent care clinics across the US handling 160,000,000 patient visits a year”
  - 81% of urgent care clinics offer basic orthopedic services
  - “Long-term trends are undeniable, market is going to shift toward a handful of large players”

New York Times - “Race Is On To Profit From Rise Of Urgent Care”

- 07-09-14 – “Once derided as “Doc in a Box” medicine, urgent care has mushroomed into an estimated $14.5 billion business”
- “Insurance Giant Humana paid $800 million in 2010 to buy Concentra with over 300 clinics”
Where is the Battle Field Among Healthcare Providers?
OUO Business Model Overview

❖ Stand-alone Model OR Extended Hours Clinic
❖ Orthopedic sub-specialties included:
  ❖ Upper Extremity
  ❖ Foot & Ankle
  ❖ Orthopedic Trauma
  ❖ Sports Medicine
  ❖ Spine
  ❖ Baseline Testing- New Technologies- Emovi KneeKG
❖ Utilizes orthopedically trained PA’s as initial patient contact
❖ 2,000 - 2,500 square feet requirement
❖ Hours of operation (varies by location)
  ❖ M to T: 7:00am - 8pm
  ❖ F: 7:00am - 9pm
  ❖ S: 9am – 6pm
  ❖ Sunday: Noon to 5pm
OUC Care: Extended Hours Clinic

**Pros:**
- Vertical Integration, Utilize Existing space, Equipment, and Employees
- Less Costly
- Quicker to Market
- Feeder Source for Integrated Network-Downstream Revenue

**Cons:**
- Feeds Off Existing Patient Base
- Not a Practice Growth Model
- Cannot Bill at Urgent Care Rates
- Less Profitable
Stand-Alone OUC Model

**Pros:**
- Captures Competitive Practice Patients - Practice Grower
- Most Profitable Business Alternative - 65% Higher Reimbursement Rates
- Feeder Source for Integrated Network – Captures Significant Downstream Revenue - ASC, Rehab, Imaging

**Cons:**
- Added Cost of Build Out
- Longer Time to Open
- Higher Upfront Business Investment
Why Orthopedic Urgent Care?

Patient Benefits:
- Convenience
- Economical
- Quality Care

Ortho Group Practic:
- Patient Expansion
- New Patients
- Competitive Tool
- Feeder Source - Integrated Network
- Revenue Source

Insurance Co's:
- Economics
- Patient Satisfaction
- One Stop Shopping

Orthopedic Urgent Care is Here to Stay
Strategic Importance to Integrated Network

• Magnet to Capture Competitive Patients

• Feeder Source to Downstream Integrated Network Revenues

Global Orthopedic Network, Inc. “The GO Network”
Orthopedic Integrated Network - The Big Picture

- Pain Management
- Orthopedic Urgent Care
- Rehabilitation
- Physician Practice
- Imaging
- ASC
- Electrical Stimulation
- Regenerative Medicine
- Emovi KneeKG
- MRI
- Surgical Cases

+TBD
+25%
+100%
+21%
+16% Surgical Cases
+TBD
"Like the electrocardiogram for the heart, the KneeKG assesses biomechanical marker links with knee pathologies, increasing the success rate of therapies and patients’ compliance to treatment. With more precise info, you can in turn better target and prioritize what needs to be done for the patient with a higher chance of success."

-- Dr. Thomas M. DeBerardinis, MD
New England Musculoskeletal Institute at UCONN Health
**Additional Revenue Stream Opportunities**

- **KneeKG by Emovi**
- **Accurate, Reliable Knee Kinematic Assessment During Gait**

<table>
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<tr>
<th>Baseline Testing</th>
<th>Clinical Decision-Making Justification</th>
<th>Outcomes Validation “Continuum of Care”</th>
<th>New Revenue Center</th>
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<tr>
<td><strong>New Patients w. Knee Injuries</strong></td>
<td>Empowerment w. 3rd Party Payers</td>
<td>Aid in Negotiations w. 3rd Party Payers</td>
<td>Medicare Approved</td>
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<tr>
<td>Attract &amp; Screen Young Athletes (esp. women)</td>
<td>Conservative/Surgical Pathway</td>
<td>Increase Patient Satisfaction</td>
<td>Approved by Select Private Payers</td>
</tr>
<tr>
<td>Establish Baseline for Future Measurable Outcomes Tracking</td>
<td>Validated Accurate Data Eliminating Subjective Interpretation</td>
<td>Leading to More Patient Referrals Practice Builder</td>
<td>Others in Process</td>
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<tr>
<td></td>
<td>Data Accuracy/Validated</td>
<td></td>
<td>Feeder Source to Rehab Center</td>
</tr>
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</table>
Average Surgical Referrals by Type

Data covers 7 month period

- Sports Medicine: 161
- Foot & Ankle: 87
- Upper Extremity: 141
- Spine: 59
Assumed Incremental Revenue to ASC

- OUC volume (average): 400 patients / month
- Surgical cases referred from OUC: 65 cases / month
- % referred to ASC: 16%
- Average reimbursement per ortho surgical case in ASC: $3,000
- Monthly incremental cases: 65
- Monthly incremental net revenue: $195,000
- Annual incremental net revenue: $2,340,000
- Monthly profit @ 45% - 60% profit margin: $87,750 - $117,000
- Annual profit @ 45% - 60% profit margin: $1,053,000 - $1,404,000
Exit Strategies

• Sell to a hospital system seeking market share
• Sell to a private investors
• Sell OUC & ASC together- Sum is greater than the parts
Thank You

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- OUC Business Model Consultations
- OUC Board Member Participation
- Integrated Network Development Consultation
- OUC Marketing
- National OUC Trade Association