

Diversifying & Expanding Beyond the “Traditional” Allergy Practice

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Beyond Traditional Practice



Opportunities

- Concierge/Cash
- Clinical research
- Multi-specialty
- Sub-specialty
- Satellite offices
- Ancillary services & groupings



Concierge

- Types
 - Cash
 - Retainer
 - Insurance billed/not billed
- Issues
 - Current economy
 - Local competition
 - Plan limitations like Medicare



Clinical Research

- Full time employed
- Full time practice
- Side-line in practice
- Addressed in detail in other session



Multi-specialty

- Add or join
 - ENT
 - Dermatology
 - Pulmonology
 - Rheumatology



Sub-specialty

- Consultation, extract prep, PCP does shots
- Asthma
- Emotional/psychiatry
- Skin
- Food
- Medico-legal



Satellite Offices

- Why?
 - + Expand market
 - + Deter competition
 - + Increase profits
- Hassle factor and remote management
- Time wasted traveling
- Fixed costs vs. variable costs
- Breakaways



Ancillaries

- Why?
 - More comprehensive care
 - Better patient compliance
 - Higher patient satisfaction
 - Profitable
 - Offset Medicare/PPO reductions



Ancillary Services

- Easier than other strategies
 - Don't have to give up your day job
 - On-site rather than off-site
 - Marginal cost additions



Ancillaries

- Step 1 - Evaluate feasibility:
 - Insurance covered or cash pay?
 - Cost: one-time, ongoing, labor?
 - Staffing and training?
 - Legal in your state?
 - Room/Space required?
 - Enough patients or by referral?



Ancillaries

- Prepare a mini business plan
 - Economics/Fees/Billing
 - Coding and claims
 - Legal and accounting
 - Vendors, RFPs
 - Communications and marketing



Ancillaries

- On-site “mini-pharmacy”
 - Easy to start and install
 - Low/no entry cost
 - Minimal training (hours)
 - Billing & insurance is separate channel
 - Much better patient compliance
 - High patient satisfaction
 - No coding or extra physician effort



Ancillaries

- Retail
 - Pillows, mattress covers, etc.
 - Hypoallergenic products
 - Air purifiers, light therapy boxes, biofeedback
 - CPAP
 - Oxygen
 - Snoring & sleep aids
 - Homeopathy and alternatives



Ancillaries

- Testing
 - PFT and stress tests
 - Methacholine & histamine challenges
 - Rhinoscopy
 - Sleep studies
 - Mini-CT
 - Homeopathy & alternatives



Affording Expensive Technologies

Advantages of Larger Groups

- Meet Stark and other legal/regulatory restrictions.
- Increase access to additional sources of revenue:
 - Diagnostic and therapeutic technologies
 - Advantageous business and ownership arrangements with other parties
 - Increase access to capital
 - Increase access to clinical research programs

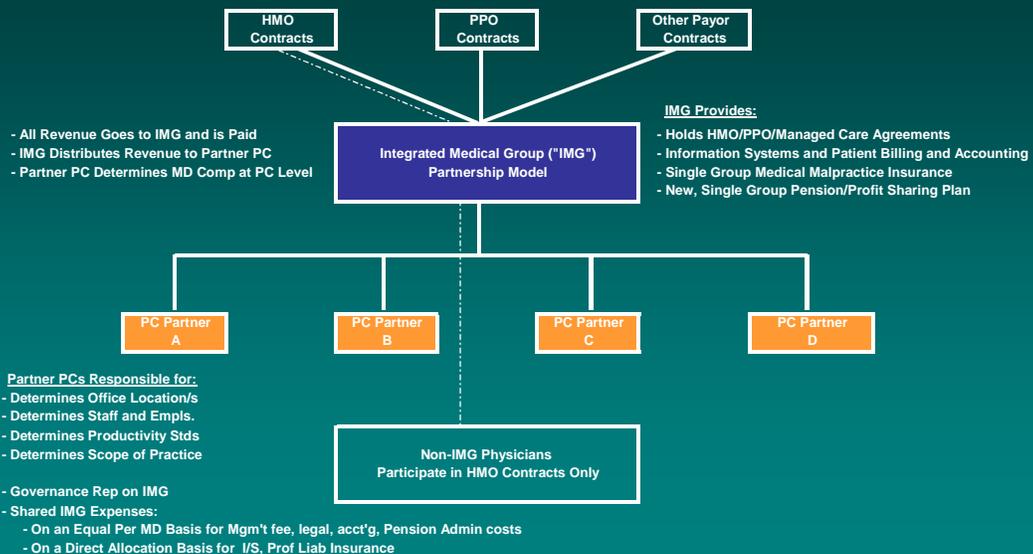


Affording Expensive Technologies

Advantages of Larger Groups

- Use a specialist attorney
- Vendor may provide assistance

Partnership of Entities Model



Questions?

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**LABATTS HEALTH SERVICE
AIR
MAPLE OAKS SATELLITE OFFICE**

Business Plan

Mission Statement

- To provide the best medical care possible and provide the optimum patient experience in the specialties allergy, immunology and rheumatology and to support the teaching and recruitment of these specialties through involvement in the Rochester General Hospital residency program.

The Team

- Mark Twain, CEO
- Jennifer Klinger, Director of Operations, AstroHealth Medical Groups and Clinics
- Davy Jones, MD
- Eduardo Caruso, MD
- Elizabeth Blackwell, MD
- Theresa Bing, MD
- YaLi Mao, MD
- Ana Tango, MD
- Karen Nightingale, NP

Market Summary

- Market: past, present, & future:
 - The LHS AIR office is nearing completion of an organizational transformation. A new rheumatologist joined the group in July which has created an influx of referrals for that specialty. New administrative and nursing leadership has created new and different ways of staffing and support for our physicians leading to enhanced customer satisfaction and stabilization of the practice. Taking great care to nurture and work our current patient base and our potential new patients has been key in a 30% increase of new referrals in the past several months. Our practice is a long time tenant at the Linden Oaks location, but has not capitalized on the fact that 220,000 vehicles per day pass by this medical building in Penfield. Our internal surveys show that our patients in that area want to be seen and get allergy injections in this location and that over 30 other internal medicine and specialty physicians are already in this location. The referral possibilities along with the demand from both existing and potential patients and the increasing necessity to provide convenience and quality to our customers to remain competitive indicate that this is an excellent time to provide continuous and comprehensive services in this location.

Market Summary (continued)

- Our major competition has many satellite locations with their present AIR group and we cannot afford to work solely out of the downtown location without offering other more convenient services to our suburban patients. The locations that we now travel to are serviced by a physician only, no support personnel, no ancillary services possibilities or follow through at those locations, and no potential for growth.

Opportunities

- Problems and opportunities:
 - A large volume of patients have asked us to provide full services in both East Podunk and West Cyprus. The failure to provide these services will eventually necessitate the need for these patients to seek services outside the AstroHealth system, as another system is already providing these options for our patients. Maple Oaks is already set up with the space, clientele, and even some personnel to “start up”. This is a fairly risk-free environment for a potentially very large return. Our physicians are already in the Maple Oaks office four days a week.

Business Concept

- To remain competitive in this marketplace we will be providing a wireless environment for our physicians to work out of, and we will be providing full satellite services to this very large population of patients. Our plan is to enhance our technology and clinical outcomes by providing ultrasound services on site with a mobile unit that will help us remain competitive and on the cutting edge of current clinical practice. Infusion at our downtown campus may also be a possibility in our satellite location in the future, if we were able to acquire additional space at Hagen Drive to accommodate it. Infusable biologics look to be the wave of the future. The recent implementation of Boniva in our home office is the start of this new treatment philosophy.

Competition

- Our main competitor is the Wellness AAIR group and their satellite locations. In order for us to remain competitive, we must also expand our services and offer suburban locations in the larger catchment areas to provide choice to these patients and offer them the highest quality experience.
- Our physicians have a wonderful reputation with other community physicians. We are the practice of choice with Blake Plan who we are currently working with us to revive an asthma program that has been stalled for several years. We are in the process of making all of our nurses asthma educators to enhance revenue and clinical excellence. New technology, clinical advancement and new leadership in our organization will make us a contender.

Goals & Objectives

- Five-year goals
 - Increase provider productivity at satellite location by 50%
 - Gain a market share in this very populated location and provide convenience and flexibility for customers that currently have to use our competitors to receive these services in suburban locations
 - Increase revenue by 50% by seeing 50% more patients at this location with minimal staffing increase due to current contractual agreement at Maple Oaks.
 - The possibility of infusion capability at our Maple Oaks location
 - The creation of a third satellite location in West Cyprus to increase access for all of our existing patients and ensure practice viability by giving our customers a choice in these key demographic locations.

Financial Plan

- We will implement full day sessions five days a week that translates to 16 – 20 patients per day. The average visit charge = \$152. $\$152 \times 100 \text{ patients} = \$15,200$.
- Our injection schedule will consist of walk in sessions 3 times a week. We currently see an average of 60 -70 patients per day. The average charge per injection is \$23. $\$23 \times 70 \text{ injections} \times 3 \text{ days per week} = \4800 .
- Our skin testing schedule will max at 10 patients per day 2 times a week. The average charge for skin test is \$250. $\$250 \times 20 \text{ patients} = \5000 .

Financial Plan

- Extracts for injection patients will be mixed at the Alexander office. Average charge per extract is \$300. $\$300 \times \text{average of } 15 - 20 \text{ per month} = \4500
- The necessity for a FT access associate = \$29,000 annual salary and a FT RN at \$34,000 annual salary to service patients at Linden location
- Increase supply costs by \$130,000 to accommodate supplies for skin testing, shots, linen, etc.
- Estimated annual revenue \$1,151,000

Resource Requirements

- Wireless and network access to AstroHealth
- 1 RN, 1 Access Associate
- Two PCs to accommodate RN and Access Associate needs
- Necessity to clean out storage room to be used for a location to house on site charts

Resource Requirements

- Existing space and rent already in budget
- Promotion can be piggy backed with home base relocation slated for December to decrease marketing costs
- Possibility of upgrading current spirometer to match recently purchased technology at home base to achieve compatibility

Risks & Rewards

- Risks
 - There is very minimal, if any, risk to enhancement of this off site location
- Addressing risk
 - We have surveyed our patients needs, looked at the demographics in that location in terms of growth potential, and examined the current way we are utilizing this space to find many opportunities for improvement and increased provider productivity
- Rewards
 - A full service satellite location, in an extremely populated demographic area, with ancillary services abounding within the existing office park. Decrease leakage, increase provider productivity, increase revenue, growth of patient base, convenience for our customers

Key Issues

- Near term
 - The need to set up computer access and chart room to accommodate providers while on site
- Long term
 - Possibility of infusion capability at this location
 - Split practice with full time physicians at Maple and Downtown locations