

Featured Partner

Welcome to the Future of patient care. National Cardiovascular Partners offers cardiologists and surgeons the means to take control of their patient care, their clinical environment, their financial future and ... especially their time.

To meet the increased demand created by a maturing baby-boom population, a new model must emerge to continue to provide the highest quality care in the most efficient and patient-focused environment.



An interview with Trey Domann - VP of Development

Q: Why have you chosen MedAxiom as a strategic partner?

A: National Cardiovascular Partners is always looking for opportunities to support the cardiovascular sector in its entirety. We feel there is great value in sharing knowledge and information with executives, administrators, and physicians

who represent over 300 cardiology practices nationwide.

Q: How does your business currently interact with the Cardiology practices?

A: We form strategic partnerships with cardiologists and facilitate the formation of outpatient cardiac cath labs and hospital based cardiovascular programs while managing the development and operational process from start to finish. We work for them and with them to help achieve greater professional control and capture ancillary income previously only available to the hospital. We have partnered with over 90 physicians from multiple practices to date.

Q: What differentiates your organization from others?

A: First and foremost - our people and our partners set us apart from other cath labs. We invest a considerable amount of time and resources during the due diligence phase before a partnership is formed. Our model is unique and not necessarily a fit in every market or for every cardiology practice. We feel as if our physician partners are some of the best clinicians who are extremely committed to the success of their cath labs. Once a partnership is formed, we work closely with the physicians to selectively form the "A" team that they want working with them in the cath lab. We take pride in the fact that we have 0% employee turnover and 100% patient satisfaction.

From an organizational standpoint, National Cardiovascular Partners believes that physicians should own a majority interest in the lab. Our model acknowledges the significance of physician contributions to the overall success of the facility by weighting physician partner ownership with greater emphasis. Monthly management meetings allow input from all partners; however the model is structured such that physicians are in complete clinical control. Everything from equipment selection to facility staff can be ultimately determined by the cardiologists. While more cardiovascular joint venture models are weighted with hospital majority ownership, NCP's model puts doctors in control.



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Q: What can we expect to see from National Cardiovascular Partners in the next 12 months?

A: While most health care organizations are scaling back due to the downturn in the economy, National Cardiovascular Partners is in a growth mode and well positioned for the future. As cardiology practices continue to look for creative ways and areas to capture more revenue, we feel as if our partnership model will be an excellent choice to accomplish those goals. We have multiple facilities located throughout Texas and research shows that our model will be just as successful in other strategic areas across the country. We currently have three facilities under construction and a few more in the development stage. Our first cath lab opened in 2004 with nine physician partners. Our partners wanted to perform higher acuity cases beyond diagnostic procedures. Our facilities are licensed to perform interventional procedures and implant devices. Since 2004, reimbursement for left heart catheterizations has continued to fall while other procedures enjoy more favorable treatment. Our emphasis over the past several years has been and will continue to be focused on quality patient care and case selection. Without a variety in case mix, it will be more and more difficult for outpatient labs to survive. Our focus on diversifying the case mix in our facilities and adding additional utilizers to the partnerships will contribute to even greater success in our current labs. We have also been receiving an increase in interest from practices that already have IDTF labs looking for a new partner. I feel that is an area that we will focus on as well with greater attention. Lastly - we are continually looking to add key personnel to our team and who specialize in areas such as purchasing, coding, project development, billing and collections.

Q: With the declining reimbursement for left heart catheterizations, many cath labs are looking to close their doors. What if a practice already has its own outpatient cath lab? Does NCP form joint ventures with existing labs?

A: Yes, we can form a joint venture with an existing lab by purchasing equity in their facility. Payment to the practice for purchasing a portion of their facility is attractive to many groups who would like to reduce their risk of experiencing declining revenues due to the emergence of new technologies and lower reimbursement. The majority of the cath labs across the country were set up as IDTFs and can only perform diagnostic heart catheterizations. Our licensure is different and therefore we are allowed to perform interventions and implant devices. Although diagnostic left heart catheterizations still make up the majority



Featured Partner *(continued)*

of our cases, they only account for 50% of our revenues. In this reimbursement climate, you have to be able to perform higher acuity cases in order to be successful. In addition to transitioning a cath lab to our licensure, we are also an attractive option because we provide the capital to update equipment and make necessary improvements to the facility. Unlike most acquisitions, we truly are a partner with "skin in the game" and look for opportunities to integrate our operational efficiencies with the current practice's philosophy.

Q: If a physician group is interested, how do you determine if an outpatient cath lab or hospital based joint venture is the appropriate facility?

A: As mentioned earlier, we invest a considerable amount of time and resources during the due diligence phase. Some of our labs are freestanding outpatient facilities, while others are in hospital settings. Our "Physician Practice Payor Mix Profile / Patient Case Mix Profile" forms submitted by the interested physicians will determine whether an outpatient cath lab or hospital based CV joint venture is the appropriate facility. This decision is based on the types of cases the physician group performs and the payor mix of their practices. The proper type of facility is also determined by the market and relationships with local hospitals. Regardless - each facility type results in control being put back into the physician's hands.

Q: Why should a cardiology practice have its own cath lab?

A: There are a variety of reasons for a practice to own its own facility, but the primary reasons are to improve work efficiency, enhance patient satisfaction, increase practice income and increase control. Physician-owned and directed freestanding or hospital based outpatient cath labs are more efficient than traditional hospital directed inpatient labs and can relieve the delay often experienced by patients scheduled for an elective diagnostic cath in a hospital lab. An outpatient lab schedule is not interrupted by acute procedures from the emergency room that can delay a scheduled elective procedure by hours. Similarly, an outpatient lab that is dedicated to elective cases is never delayed by a complicated case. Therefore, the length of cases is short and predictable. Efficiency results when the cardiology group, rather than the hospital, has control of hiring, staffing levels and scheduling. Cath lab staff are more reactive to the cardiologist's desire for a faster turnaround time because they are employees of the partnership, not the hospital. Cardiologist schedules are more predictable because the cases are all elective. A more predictable and efficient cath lab schedule results in greater physician satisfaction and productivity.

Patients have come to expect personalized, convenient, and rapid service. In general, outpatient facilities can provide better customer service and amenities than hospitals, resulting in superior patient satisfaction. An outpatient lab relieves the delay that stable outpatients experience in a hospital lab. Patient wait time is less and schedules for patients are more predictable, leading to greater patient satisfaction.



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If I am a cardiology practice administrator today I am exploring all of the options that I have to expand and generate additional income for my physicians. The traditional ancillary sources of revenue that practices have relied upon have been cut, i.e. nuclear, echo and 64 slice CT. Even practices that have enjoyed revenues from leasing hospital cath labs are going away at the end of the year. It is becoming more challenging to make these revenue sources keep up with the professional income cuts that practices are experiencing. By exploring the cath lab joint venture the administrator is asking the physicians to invest in themselves in work that they were trained to do every day. The opportunity for a physician or a physician group has with their own cath lab is to gain control over the staffing, equipment, schedule and inventory that they need to provide the best possible outcome for their patients. The financial margins that a well run cath lab generates are still quite healthy making this a very viable opportunity for practices to keep up and stay ahead of other professional and ancillary cuts that may be experienced. We have seen our partners in the cath lab joint venture realize additional annual income of 30% to 100% of their professional incomes. This is significant in today's environment where practice expenses are climbing and professional fees are falling. This opportunity should be explored by all cardiology practices. This is a proven model that will have a meaningful financial impact for any cardiologist involved with the added benefit of better patient care and outcomes.

Q: What if a practice is interested but too small to own its own cath lab? Is it possible to invite other physicians from other groups to form a partnership with NCP?

A: Yes, if it makes sense strategically or in terms of establishing a critical mass, it is possible to invite other cardiologists or physicians who perform procedures in a cath lab to form a partnership and build an outpatient facility.

Q: Who should the MedAxiom practices contact with questions about National Cardiovascular Partners?

A: Trey Domann
Vice President - Development
National Cardiovascular Partners, LP
10000 Memorial Drive, Suite 540
Houston, TX 77024
713.812.7586 (w)
713.851.5858 (c)
Treyd@ncplp.com
www.ncplp.com