Planning began 2005.
Letter of Non
Reviewability granted 2006.
Opened March 2008.
2 Operating Rooms.
$1,687,000 budget.

Strong initial
opposition by local
hospitals.
Now we are friends

7150 Total Cases
2500 open.
385 Lumbar Fusions.
630 Cervical Fusions.
250 SCS Procedures.
495 Peripheral Nerve.
625 Lumbar Decompressions

4 Transfer to Hospital.
3 Readmit within 24 hrs.
11/7150 (0.002) Infection Rate
>92% “Extremely Satisfied” Patient Satisfaction rates.
Neurological Institute ASC Performance.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Income</td>
<td>$7,105,933</td>
<td>$6,987,954</td>
<td>$7,209,456</td>
<td>$7,109,741</td>
</tr>
<tr>
<td>Ave. Utilization</td>
<td>45%</td>
<td>51%</td>
<td>44%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Economic Changes 2008-2012.

**THE GOOD**
- Model Acceptance.
- Cost Savings.
- In Network Status.

**THE BAD**
- Insurance Challenges.
- Capitated/bundled products.
- Hospital Pressures.

Economic Changes- Model Acceptance.

- Commercial Payer Education.
- Patient Expectations.

Economic Changes- Cost Savings.

SINGLE LEVEL L4-L5 TLIF
- ASC $2,474.90
- Hospital $11,242.60
- Medicare Reimb. $20,800.00.

Economic Changes- Insurance Challenges.

- Pre-Certification vs. Pre-Determination.
- Risks of Retroactive Denials.
- Weak Bargaining Position Compared to Hospitals.
- In or Out of Network Status.

Neurological Institute ASC

Reimbursement will continue to decline. "Out-of-network arrangements are going away and CMS is not allowing Medicare increases to cover their true inflationary costs. Surgery centers are falling more behind year after year. ASCs will remain the low-cost, high-quality providers for outpatient surgery. That means their future is basically bright. The only thing that can dim it is more cuts in reimbursements."

- Brent W. Lambert, MD, founder and CEO of Ambulatory Surgical Centers of America:

Get a BRAIN! MORANS G \ USA
**Economic Changes-Capitated/Bundled Products.**

- Must Manage Implants.
- Increasingly being sought by payers.
- ASC in Strong position in this model.

**Neurological Institute ASC**

- Outpatient settings will drive efficiency in healthcare.
- "I predict outpatient delivery systems, including ASCs, will be one of the drivers in forcing the healthcare system to become more efficient. ……There is no valid reason why two medical providers should be paid differently for providing the exact same type of service. I do not believe society will continue to approve of these disparate reimbursement methodologies simply based on an argument that the hospital delivery system is more costly, thus society should pay a higher price." Thomas J. Pliura, MD, JD, PC, physician, attorney at law and founder of

**Economic Changes- Hospital Pressures.**

- Obamacare and ACO.
- Anti Competitive Contracts.

**Neurological Institute ASC**

- ASCs will not benefit from participating in ACOs. "Hospitals, which will dominate ACOs, will not let the two-tiered payment approach for ambulatory surgery exist within their ACOs. They will siphon off all of the profitable cases to the HOPD by being able to direct referrals. ACOs will prove to be a failure — many more of them will cost the providers money than will bring in 'bonus' payments for efficiency and cost savings."

- Jack Egnatinsky, MD, president of the AAAHC board

**Neurological Institute ASC**

- If a hospital buys a surgery center and owns it, or turns it into a hospital outpatient department, on day one they can increase Medicare reimbursement close to 70 percent; with commercial payors it's not atypical to see 100 percent improvement in reimbursement.


**ASC- Next Steps**

- Jack Egnatinsky, MD, president of the AAAHC board
Private equity funds are losing interest in ASCs. The new equity funds are showing declining interest in the ASC space. "Virtually no new funds are entering the ASC market, and some of the funds that have been there are getting out."

Establish Better Relationship with Hospitals.
Prepare for Bundled Payments.
Investigate Medical Tourism as a source of new patients.
Expand LNR to CON to allow non neurosurgeons to participate.
Maximize in-network participation.