

OR Today

Life in *and* out of the OR

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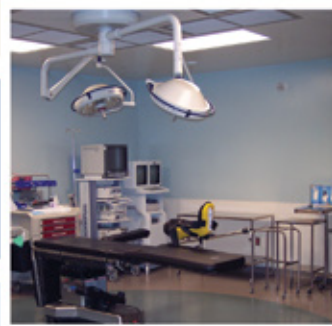
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HERSHEY OUTPATIENT SURGERY CENTER



titan[®]
HEALTH CORPORATION



OPTIMIZING YOUR ASC: One Center's Story

As most physicians are keenly aware, running a thriving and enduring ambulatory surgery center business goes far beyond the provision of patient care. While providing high-quality patient care is of the utmost importance, many discover the hard way how improper management can impede their ability to maximize profit potential, streamline efficiencies, utilize a center to its fullest capacity and offer the quality environment that both patients and physicians expect.

Titan Health Corp., a nationwide surgery center development, acquisition and management company, understands those very challenges and has a proven track record for partnering with physicians and turning their struggling surgery centers into top performers. Titan's success has been built upon experience and vast knowledge across virtually all surgical specialties. The company, which has been in operation since 1999, has a dedicated and knowledgeable management staff that has worked in the ASC industry for decades. They've been involved in the planning, licensing, staffing, equipping, and repositioning of more than 250 surgery centers nationwide.

"Titan Health is an experienced, dedicated partner that can push physicians' surgery center business to the next level," said Titan chairman David Hall. "We become the focused management partner that many ASCs require for long term success."

The company's approach to ASC management is certainly unique. While Titan is well-equipped to tackle all the various business infrastructure components – including restructuring debt and renegotiating contracts, monitoring billing and accounting functions, focusing strategic atten-

tion on the center to maximize the utilization of the surgical suites, and even recruiting new physicians to help grow the center – the Titan management team never operates with a silo mentality.

"We really are partners in every sense of the word. We provide individualized, focused management solutions that fit in with each facility's unique mission – not the other way around," Hall explained, adding that even though Titan may have an equity stake in a surgery center, it's the physicians who maintain majority ownership and center policy control. "It's their business and as their management partner, it's our job to add value and help them tap their true potential in building a successful center that is viable long term." The challenge for many centers is how to establish a culture of continuous improvement and growth. Titan has a strategic approach to management that positions centers to avoid the stagnation that so commonly occurs two to three years after opening.

To date, Titan, headquartered in Sacramento, CA, with regional offices in Raleigh, NC, and Nashville, TN, has 19 fully operational center partnerships. That degree of market density allows Titan to standardize its approach and further drive efficiencies and productivity for existing centers. Further adding to its success and growth capabilities is Titan's ability to cost-effectively acquire struggling centers, while at the same time, working to syndicate new physicians who can immediately add to existing center business.

REACHING THE NEXT LEVEL OF PERFORMANCE

When it comes to repositioning or turnaround opportunities, Titan strives to partner with high-potential surgery centers



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— Ross Decter, M.D., professor of surgery at Hershey Medical Center and Chairman of the Board at HOSC

We've been working with Titan for almost two years now. I've been very impressed with Titan's management style, openness and operational expertise.

— Wayne Zolko, Associate VP for Finance and Business and Controller for the College of Medicine at Penn State University

that are committed to maximizing their performance and embracing new opportunities, while allowing surgeons to better utilize their time so they can focus on their patients.

One such facility was Hershey Outpatient Surgery Center (HOSC). Located in Hershey, PA, the 22,000 square-foot, seven operating room ASC specializes in orthopedics, urology, podiatry, pain management, plastic surgery, ophthalmology, neurology, gynecology, general surgery, ENT, and colorectal surgery. The center, which performed more than 6,000 surgeries in 2007, is particularly unique in that it partners with physicians affiliated with Penn State University and Nittany Health Systems (an affiliate of Hershey Medical Center). The center also participates in the Penn State Residency Program.

Despite HOSC's state-of-the-art facility and its relationship with the physicians and the Health System, it hadn't been living up to its full potential. Upon closer evaluation of their existing operation – and opportunities – HOSC's physician partners and Nittany Health Systems made the decision to team up with Titan Health. Titan assumed the management role in November 2006 and bought an equity stake in the center in July, 2007.


According to Hall, HOSC required some immediate debt restructuring and contract renegotiating, and it also needed a management partner that could focus strategic attention on the center to maximize the relationship with the hospital, while also maximizing the use of the existing ORs. Under the management contract with HOSC, Titan oversees the center's core operations, including all financial operations, clinical guidance/support, and business office services. In this capacity, Titan provides a variety of services to the partnership, and has restructured the business office (including the transition of its patient accounting system), renegotiated key managed care contracts, worked to maximize the efficiency of the ORs, and assisted in fine tuning the inventory. All of these efforts were focused to ensure the current volume was operationally profitable, while positioning the facility for future growth. "Partnering with Titan helped us reposition HOSC," said Ross Decter, M.D., professor of sur-

gery at Hershey Medical Center and Chairman of the Board at HOSC. "We were able to negotiate new contracts and streamline our processes. We are now able to aggressively pay down the debt we acquired before we partnered with Titan."

The Titan management team has worked closely with onsite managers, and also strengthened the relationship with physician partners and Nittany Health System to ensure that the center is well positioned for growth. While the early focus was on consolidating the schedule and refining core operations, the center is now ready to re-open its sixth OR as a result of the growth in late 2008, and anticipates significant growth heading into 2009. "We've been working with Titan for almost two years now," said Wayne Zolko, Associate VP for Finance and Business and Controller for the College of Medicine at Penn State University. "I've been very impressed with Titan's management style, openness and operational expertise."

"Hershey Outpatient Surgery Center was really looking for a partner to help them harness their revenue generating capacity and reach their full operating potential. And it was important for us to provide those services while staying aligned with the unique teaching mission of the hospital," said Hall.

With its extensive turnaround experience, Titan was able to effectively and efficiently stabilize HOSC's cash flow, while enabling the center to increase the number of surgical cases and bring its ORs up to full capacity. Today, HOSC is financially healthy and enjoys a more productive relationship with all partners.

"What we've done with Hershey Outpatient Surgery Center, as we've done with other ASCs, is allow the physicians to focus on what they do best while we run the day to day operations and focus strategically on growing the business," said Hall. 

For more information on Titan Health Corp. please call 916.614.3600 or visit www.titanhealth.com.