FCS Practice Survival & Growth: New Revenue and Better Cancer Care
FCS – Who we are

- Largest privately owned oncology/hematology practice in the United States
- 93 offices (as of 12/31/15)
- 204 physicians Q1 2016 (155 partners)
- 147 nurse practitioners and physician assistants
- 2,176 employees (as of 12/31/15)
- Geographic spread from:
  - Tallahassee to Naples on the Florida Gulf Coast
  - Gainesville, Sebring, Orlando and surrounding cities in Central Florida
  - Palm Beach, Vero Beach, Daytona and Melbourne areas on the East Coast of Florida
Community Oncology Practice Impact Report

Community Oncology Practice Impact Report

- Clinics Closed
- Practices Struggling Financially
- Practices Sending Patients Elsewhere
- Practices Acquired by Hospitals
- Practices Merged
FCS – Physician Growth

135 Physicians added in the last 5 years
FCS Advantages/Merger Benefits

Ancillary services:

- Central laboratory
- Hematopathology
- Histology
- Flow Cytometry
- FISH testing
- Prosigna PAM50
- Anatomical pathology
- Pharmacy for oncolytics (Rx to Go)
- Radiology (12 fixed PET/CT scanners and 3 mobile units)
- Radiation therapy (seven sites)
FCS Advantages/Merger Benefits

- Fully Integrated Technology – EMR, PMS, LIS, PACS and Inventory Management
- Clinical research access – phase 1, 2/3
- Improved revenue cycle processes and performance
- Data sales
- Governance
- Patient, physician and employee survey’s
- Key management tools and information – income statements, annual budget, goals, scoreboard reports, MD compensation and trend data (and benchmarking)
- Transparency
Typical Community Oncology Practice*

In Office Lab, 2%
Hospital, 1%
Office Consults, 1%
Office Visits, 7%
Drug Admin, 8%
Chemo, 81%

*Based on modeling of independent practices groups considering FCS.
Chemotherapy as a Percentage of Total Collections

- 2007: 73.45%
- 2008: 73.88%
- 2009: 72.79%
- 2010: 69.92%
- 2011: 68.54%
- 2012: 67.97%
- 2013: 64.78%
- 2014: 63.10%
- 2015: 63.33%
Size and Scale – Central Lab

- Extensive test menu with over 54 lab tests available in house
- Second to none customer service with < 24 hour turnaround
- Processed over 7.2 million tests in 2015
Size and Scale – FCS Specialty Pharmacy

- Over 40,000 scripts filled annually
- High touch / customer service to FCS patients
- Integrated with EMR to ensure seamless patient care
Size and Scale – Payer Contracting

- Size and scale allows for innovative approaches to collaborate with payers, employers and other providers
  - Care Management Programs
  - Hospital Co-Management Agreements
  - ACO Programs
  - Risk based Contracts
Size and Scale – FCS Drug Procurement Facts

- FCS drug spend for 2015 exceeded $1 billion
- Currently process over 130 drug orders daily, not counting add-ons
- We maintain less than 3 days worth of drug inventory on hand
- 99% of all drug orders are next day deliveries
- The major pharmaceutical companies solicit FCS’s expert opinions
<table>
<thead>
<tr>
<th>Year</th>
<th>Comp and Benefits as a Percent of Total Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>9.42%</td>
</tr>
<tr>
<td>2010</td>
<td>8.36%</td>
</tr>
<tr>
<td>2011</td>
<td>7.97%</td>
</tr>
<tr>
<td>2012</td>
<td>7.98%</td>
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<tr>
<td>2013</td>
<td>7.96%</td>
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<tr>
<td>2014</td>
<td>7.93%</td>
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<tr>
<td>2015</td>
<td>8.01%</td>
</tr>
<tr>
<td>Year</td>
<td>Percent</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
</tr>
<tr>
<td>2010</td>
<td>3.55%</td>
</tr>
<tr>
<td>2011</td>
<td>3.44%</td>
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<tr>
<td>2012</td>
<td>3.42%</td>
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<td>2013</td>
<td>3.36%</td>
</tr>
<tr>
<td>2014</td>
<td>3.31%</td>
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<tr>
<td>2015</td>
<td>2.99%</td>
</tr>
</tbody>
</table>

Note 1: The departments included in this slide are Accounting, GCO Headquarters, Purchasing, Transcription, Central Scheduling, Information Systems, Human Resources, Administration, Corporate Compliance, Billing and Collections, Contracts and Credentialing, Managed Care and Patient Collections, Courier and Onco EMR

Note 2: Industry averages are 5%
Size and Scale – Malpractice

Proven ability to improve physician income by reducing practice costs
Operational Excellence – Revenue Cycle

- Tremendous billing and collecting track record
- Electronic charge import established with EMR
  - Average charge lag < 2 days
- Advanced claim edits
  - 82% of claims are billed within 4 business days
- Electronic Remittance established
  - 95% of EOBs posted electronically and posted within 2 business days of receipt
- Timely AR Follow-up and Denial Management
  - DSO well below industry standard
World Class Revenue Cycle Results

Days in A/R

Calendar Days

Jul  Aug  Sep  Oct  Nov  Dec

2013
2014
Industry Avg.

*Industry data source: MGMA Performance and Practices of Successful Medical Groups, retrieved from web on September 12, 2013
Operational Excellence – SOP’s

- 240+ Operational SOP’s
- Independent annual assessments completed at each site to ensure compliance and training opportunities
- Ongoing survey of key stakeholders including patients, physicians and staff
- Monthly financial and operating reviews with new groups to ensure exceeding expectations
Operational Excellence – Integrated Technology Platform

- Fully integrated including: EMR, Lab, Practice Management, PACS and Inventory Management
- Fully web based – ‘available anywhere / anytime / any device’
- All solutions centrally managed in secure data center with secondary disaster recovery location
## Operational Excellence – Customer Feedback

<table>
<thead>
<tr>
<th>Group</th>
<th>Total Surveys</th>
<th>Alerts</th>
<th>Perfects</th>
<th>Follow Up Call</th>
<th>Overall Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pinellas</td>
<td>724</td>
<td>59</td>
<td>551</td>
<td>53</td>
<td>95.55</td>
</tr>
<tr>
<td>Hernando / Pasco / Citrus</td>
<td>744</td>
<td>47</td>
<td>567</td>
<td>42</td>
<td>95.15</td>
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<tr>
<td>Charlotte / Sarasota / Manatee / Sebring</td>
<td>1,414</td>
<td>101</td>
<td>999</td>
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<td>53</td>
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<td>94.51</td>
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<td>Tallahassee</td>
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<td>7</td>
<td>58</td>
<td>7</td>
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<td>Palm Beach County</td>
<td>485</td>
<td>46</td>
<td>344</td>
<td>40</td>
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<tr>
<td>Lee / Collier</td>
<td>1,348</td>
<td>86</td>
<td>935</td>
<td>71</td>
<td>93.97</td>
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<tr>
<td>Orlando</td>
<td>837</td>
<td>95</td>
<td>576</td>
<td>81</td>
<td>93.94</td>
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<tr>
<td>FL Cancer (Combined)</td>
<td>6,713</td>
<td>550</td>
<td>4,802</td>
<td>483</td>
<td><strong>94.60</strong></td>
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</table>
FCS Tenets of Successful Mergers

- Consistency in business model across all groups
- Mutually beneficial to both groups
  - FCS only garners when incremental value to group is created
- Have strong value proposition
  - Diversification options with ancillaries
  - Unmatched procurement advantages
  - Robust payer relationships
  - Integrated technology platform
  - Reduced overhead model with enhanced features for Central Services including: employee benefits, malpractice, billing and collecting, and information technology
- ‘Close the Back Door’ – never had a physician leave FCS for inability to deliver on value proposition
FCS Steps to Successful Mergers

Development

Transition &
Go Live

Operational Excellence & Support
FCS Development Phase

- Confidentiality Agreement
- Due Diligence
- Financial Analysis / Comparison
- FMV Analysis and Transition Budget
- Signed Agreement

Always led by CEO and Managing Partner to ensure credibility and accountability
FCS Transition

Proven reproducible methodology lead by a dedicated transition executive.

-90 Days  -60 Days  -30 Days  Go Live  +30 Days

- Credentialing & Licensing
- Data Conversion
- IT Implementation
- HR Transition
- Training
- Facility Changes

Go Live  Support
Process of Joining FCS

- Sign a confidentiality agreement
- Due diligence performed by FCS by providing limited financial information – identifies financial impact of joining FCS in the following areas: managed care contracting, ancillary profits, employee staffing and benefits, drug pricing and any other changes in overhead.
- Comparison of pre-versus post FCS earnings and management fees
- FMV of useable fixed assets performed
- Transition budget prepared – FCS versus group costs. Budgets are established prior to “go live” and consist of two parts – tangible items and support budgets. The information is outlined on the following page.
Our Process for Mergers

- Estimate of drug inventory with useable inventory to be purchased by FCS
- Once legal documents are signed, the transition process will begin with an effective date of approximately two months post signing of documents
- Weekly transition calls
- Meetings with employees to discuss FCS benefits and establish interview timetable
- Training of staff on FCS policies and procedures
- Conversion to EMR
- Consideration of conversion to the FCS compensation formula
Our Process for Mergers

- Post FCS transition
- Physician draws established (regardless of whether earnings exceed the draw or not)
- Monthly bonuses for earnings above the draw
- Legacy AR collections bridge the gap until bonuses are earned (assuming the practice is on the cash-basis of accounting)
RX-to-Go as a Percentage of Total Collections - Consolidated

NOTE: 2009 – 2015 years reflect Jan – Dec activity
Questions?