

BLUE CHIP BUSINESS MODEL & SERVICES

WE FOCUS ON MANAGING THE BUSINESS SO OUR SURGEON-PARTNERS CAN FOCUS ON TREATING PATIENTS.

There are many elements to developing a successful ambulatory surgery center (ASC). Blue Chip's business model and portfolio of services are designed to address them all in a timely manner. With the support of skilled professionals and experienced specialists in key areas, we provide the full range of business development services and comprehensive management moving forward.

- Strategic Planning & Start-up
- Organizational Structure & Financial Model
- Functional Expertise & Ongoing Management

We specialize in focused businesses, such as spine ASCs and multi-specialty ASCs, tailoring our financial and operating models to meet the unique needs of each project. Our track record of success includes both de novo development and "turnaround" projects. Our business model is based upon creating successful joint-venture partnerships, which always include physicians and may include hospital partners as well.

Strategic Planning & Start-up

Experienced partners, with effective models and tools, can streamline initial business development. Blue Chip handles:

- Market research and benchmarking
- Physician syndication
- Feasibility studies
- Accreditation, certification, licensing and "regulator management"
- Staff recruitment
- Equipment evaluation, selection and procurement
- Business plan development and financial modeling
- Support and planning for transition from inpatient to outpatient environments
- Real estate – zoning, site selection and purchasing
- Architectural design and construction oversight.

We provide these services as part of our investment in the business. ***We don't charge up-front "development" fees.***

CONTINUES >>

Learn More About What Makes Us Blue Chip
Visit www.bluechipsurgical.com/bcsinsight.html

- Business Vision & Philosophy
- Blue Chip Clinical Model
- Why ASCs Fail

WE DON'T JUST APPLY BUSINESS AND CLINICAL BEST PRACTICES — WE DEFINE THEM.

Blue Chip Business Model & Services *continued*

Organizational Structure & Financial Model

Though each project has a unique organization (depending on specific physician groups, market conditions and specialty mix), Blue Chip businesses are typically structured around a few principles and parameters:

- Joint-venture partnerships structured as limited liability corporations (LLCs), largely owned by local physicians
- Shared governance – one investor, one vote
- Individual physician investment of \$30,000 to \$100,000
- Participation of 5-15 physicians – we don't do “mega-centers”
- Blue Chip investment up to \$250,000
- Blue Chip holds an ownership stake (15-30%) and acts as managing partner, applying specific functional expertise for management fee (typically less than 6%)
- Some joint-venture projects incorporate hospitals and/or health systems
- Average equipment investments of \$1.5 million
- Facility size ranges from 5,000 to 10,000 square feet, with two to four ORs
- Target case volume of 1,500 - 2,200 cases annually per OR.

Initial investments aren't small, but neither is the opportunity. ***Historically, our model has delivered annual ROI of 50-100%.***

Functional Expertise & Ongoing Management

Once the business is up and running, Blue Chip serves as managing partner, providing support in key functional areas, as necessary, to ensure our businesses operate efficiently and effectively. Blue Chip has the view that we will make our greatest contribution to the joint-venture in the early years. We will often invest 1,500 hours of effort before the surgeons do the first case. Blue Chip's management fee declines over time, beginning at 6% and declining to 3%. Our specific responsibilities include:

- Legal affairs
- Case costing
- Staffing – recruitment and performance management
- Operational audits
- Payor contracting, negotiation, reimbursement and administration
- Financial management and accounts receivable
- Process and supply standardization
- Patient communication and marketing
- Maintain relationships with regulators
- Management of brief, efficient monthly Board meetings
- Application of best practices
- Ongoing surgical center management and utilization support.

We tailor the business model (both the financing and operations), the J-V structure and our services to meet the needs of our partners, complement their strengths and satisfy local market conditions.



Blue Chip Partners creates and manages highly profitable, physician-led ambulatory surgery centers. Our businesses help physicians gain more control of their practice and their life in environments where they can do their best work.

***Find out more about our people, passion and many successful partnerships.
Contact us today. 513.561.8900 or info@bluechipsurgical.com***