THE AMBULATORY ENDOSCOPY CENTER

AN IMPROVED HEALTHCARE ALTERNATIVE

WELCOME TO OUR AMBULATORY ENDOSCOPY CENTER!

While ambulatory endoscopy centers represent the dominant site of service for colonoscopies and GI-related procedures throughout the United States, the majority of GI procedures in New York were performed in a doctor's office until recently. Since many of our centers' patients are likely accustomed to seeing their gastroenterologist in his office, we would like to briefly explain your alternatives when undergoing a procedure, as well as explain the benefits of the

Ambulatory Endoscopy Center.

Simple and safe procedures such as colonoscopies and upper endoscopies can be performed at several sites of service:

HOSPITAL OUTPATIENT DEPARTMENT

- Article 28 licensed facility, primarily built to treat very complicated patients; due to the mixture of inpatients with outpatients, as well as teaching programs, hospital outpatient departments tend to be less efficient in moving patients through the procedure
- Usually non-profit, with little incentive for efficiencies or cost containment

AMBULATORY ENDOSCOPY CENTER

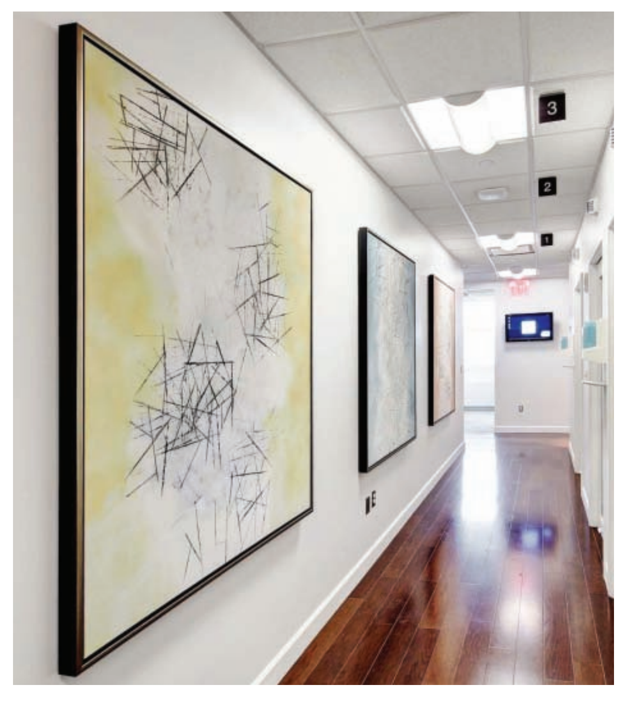
- Generally physician owned; often co-owned with a hospital partner
- Privately run, with a strong focus on patient satisfaction and efficiency
- Must maintain Article 28 licensure and the same life-safety and infection control standards as a hospital
- Typically treat less complicated patients

PHYSICIAN'S OFFICE

- Generally the least expensive site-of-service
- Physician-owned; private practitioners
- Very little oversight; mandated life-safety and infection control standards are far inferior to an AEC or a hospital
- Generally considered the lowest quality site-of-service; obsolete in many parts of the country other than New York, as well as in most other developed countries

— Particularly concerning as New York patients are accustomed to receiving sedation, usually propofol, which requires an anesthesiologist

OUR FACILITIES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AECs vs THE OFFICE

Offices sprung up in New York based on unique hospital opposition to AECs and insurers rewarding physicians for moving their case out of hospitals, where insurers were required to pay excessive reimbursement. However, procedures in the office were subject to virtually no clinical or regulatory oversight and almost all offices would fail to meet hospital or AEC infection control standards, let alone life safety standards.

Other differences include:

- AECs reporting requirements are strict and enforced, while reporting for office procedures are still minimal
- AECs require an Article 28 license, which means they must meet the same safety standards as a hospital; offices have no such requirements
- Offices in NYC are most commonly operated by solo-practitioners; as such, there is no peer review and, over time, shortcuts permeate and quality continues to deteriorate
- It is likely that outcomes are significantly better at an AEC than at a physician office; however, since offices publish virtually no quality control data, this is difficult to confirm

AECs vs THE HOSPITAL

The United States' six thousand hospitals represent the largest site of service for surgery and over 30% of the nation's healthcare spend. All complicated surgeries that require overnight stays are performed in hospitals. However, in most parts of the country, including New York State, day procedures are also done in hospitals, resulting in costlier and less efficient visits:

- Hospitals and hospital outpatient-departments aren't built for efficiency and low risk visits, but rather for more complicated surgeries with longer stays
- As a result hospitals are generally less efficient, often resulting in long delays

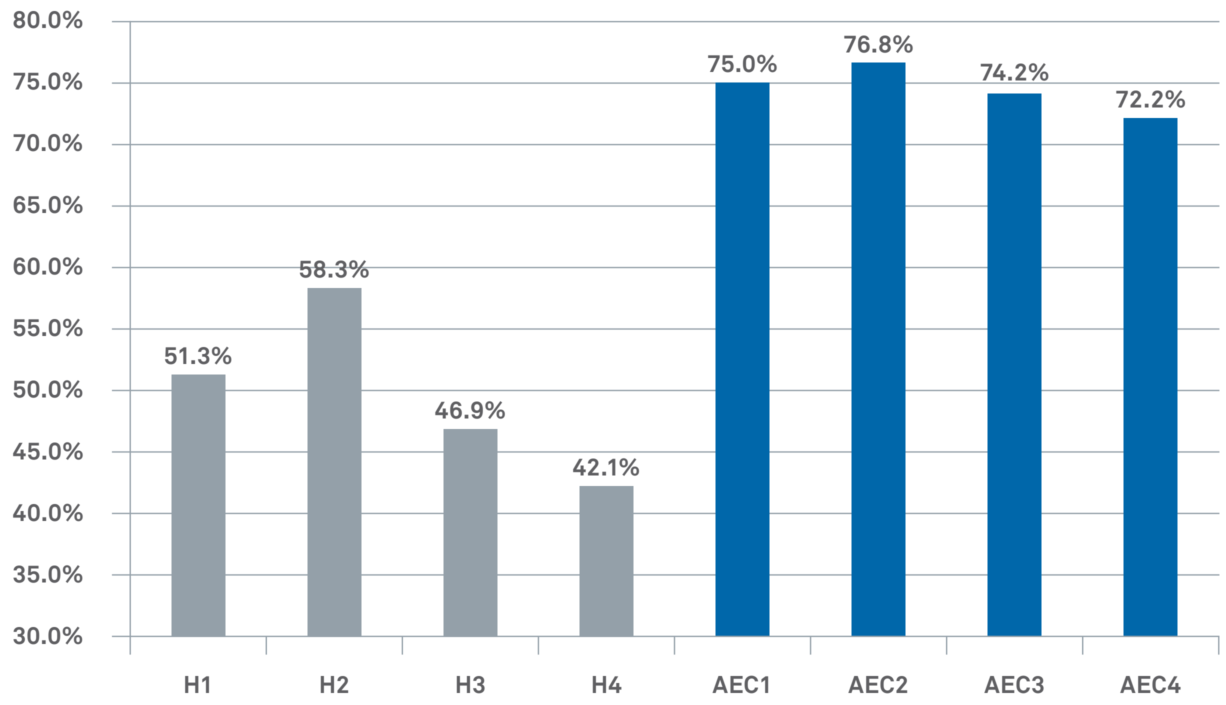
Patient satisfaction surveys from one of New York's largest hospital systems, demonstrate that patient's prefer independent AECs to hospital wards:

- Cleaner and generally state-of-the-art
- More efficient
- Quicker discharge; less wait time

Graph

EFFECTIVENESS IN MEETING YOUR OVERALL TIME EXPECTATIONS

(1) Based on aggregated 2013 Year-to-Date patient satisfaction surveys from patients having undergone a procedure at one of either four AECs or hospital sites of service, all located in New York City



H = Hospital | AEC = Ambulatory Endoscopy Center

AECs AND NEW YORK

- New York State has one of the highest per capita Medicare spending rates of any state, coupled with the second lowest number of AECs per capita

- Historically, this has been due to the burdensome state regulatory environment, made even more difficult by opposition from hospitals

  — Recently, hospitals have been more supportive of AECs; this trend is due in part to hospital alignment initiatives and the development of strategic (hospital friendly) business plans by AEC operators

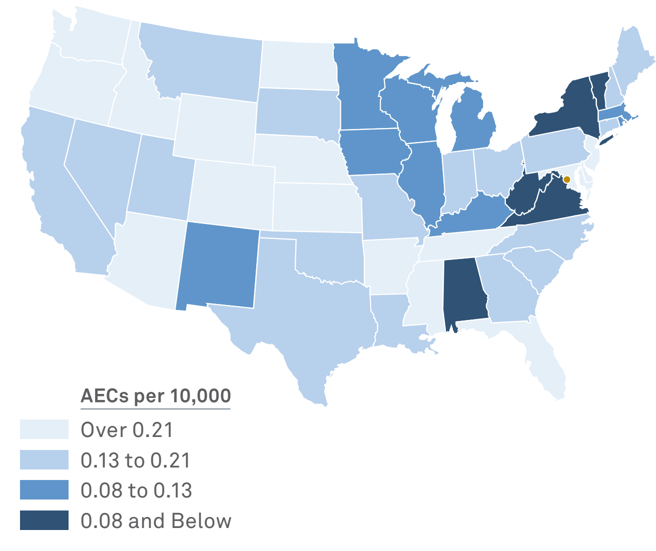
- Growth in New York AECs will continue into the foreseeable future, increasing access to a modern and cost efficient site-of-service

PER CAPITAL MEDICARE SPENDING

Less than $7,000
$7,000 to $7,999
$8,000 to $8,999
Greater than $9,000

The Dartmouth Institute for Health Policy and Clinical Practice. The Dartmouth Atlas. (Per the CEA healthcare report)

RATIO OF AECS TO STATE POPULATION



KNG Health Analysis of POS, 2008 and US Census Bureau 2008. (Per Analysis of Growth in AECs)

We look forward to serving you, in our state-of-the-art facility as we help further a system of high quality medical care at a reduced cost.

Please remember to fill out our patient satisfaction form as we are continually looking for ways to improve each patients’ stay.

THANK YOU FOR VISITING OUR
AMBULATORY ENDOSCOPY CENTER