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Healthcare Heading Overseas

Americans Looking Abroad for Cheaper Alternatives

by Steve Raphael

More Americans are crossing borders or going overseas for medical treatment, and their numbers are sure to grow as entrepreneurial facilitators, insurers, and foreign-backed medical tourism offices allay fears that overseas treatment is inferior.

“Cost and service are driving the trend,” said attorney Dale Van Demark. “Patients can save from 40 percent to 80 percent on treatment.” Van Demark, a member of Washington D.C.-based law firm of Epstein Becker & Green, discussed the medical tourism trend at a recent teleconference sponsored by The Beard Group. He was joined on the panel by two colleagues, Kevin Ryan and Rachel Spitz.

In 2005, one-half million Americans crossed borders or headed overseas for specialty

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IPO in this Market?

Healthcare Is “Kind of Recession Proof” says CEO

by Lisa Jaffe Hubbell

By any stretch of the imagination, it should have been a bad week for an IPO road show: the Dow dropped 600 points, a rogue French trader bilked his employer of billions, and the Federal Reserve cut interest rates by three-quarters of a point to help stave off recession. But Adam Singer, M.D., the Chairman and CEO of IPC The Hospitalist Company didn't blink an eye. “We were ready to go public,” he says. “Healthcare as a sector is kind of recession proof, and if unemployment doesn't change dramatically, we, as an industry, are okay.” As a company, Singer says they are more than okay. “A good company can go public any time.”

The company, based in North Hollywood, CA, is now listed on NASDAQ, and after

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Hospitals Face Value-Based Reporting

The Fed's New Take on Pay-for-Performance

by Steve Raphael

With a nudge from Congress, Medicare will soon begin paying hospitals a modest bonus based on the quality of care they deliver, thus hopping aboard the swiftly accelerating pay-for-performance (P4P) bandwagon.

The Centers for Medicare & Medicaid Services (CMS) is revamping a payment portion of the diagnostic-related groups (DRGs), tweaking the Medicare payment system to hospitals for the first time since DRGs were implemented in 1983. The new payment mechanism is called value-based reporting (VBP).

Hospitals will still receive a fixed fee for the 500-plus recognized DRGs. The change comes in the area of quality reporting. In the past, hospitals would earn extra money for

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IPO in This Market?, *from page 1*

pricing the first 5.2 million shares at \$16 for the initial public offering, the shares – eventually 5.9 million were sold – were trading at over \$19 each on February 29, just after a month on the market. The company raised \$84.5 million after commissions and expenses, and net proceeds were nearly \$46 million.

IPC was founded in 1995 and is now the only healthcare company dedicated to hospital medicine – the practice of taking care of the hospitalized patient. The specialty has only been recognized for about 10 years, and while two other companies – EmCare and Team Health – have hospitalist elements to their companies, IPC employs more than 550 physicians whose sole practice involves the inpatient population at more than 300 hospitals.

“There are generally two reasons to do an IPO,” Singer says. “The first is to raise money; the second is to provide liquidity.” IPC had a third reason. “We believe in the development of hospital medicine as a specialty. We have a role in this, and we think that we can bring awareness to the public.” Healthcare is, by now, aware of hospitalists and what they do. But the public isn’t, Singer added.

Aside from the influx of money, Singer insists physicians, patients, and clients alike will see no difference in their operations. “Part of being ready for an IPO involves having figured things out. We have a bigger profile, now, I guess. So we can probably attract more physicians.” That is important in a tight employment market, where hospitalists are wooed hard by hospitals wanting to create or expand their hospital medicine programs. Singer says they will also be able to attract more groups to purchase. It’s hard to imagine the pace of expansion could increase: just a quick look at the press releases for the company shows the near monthly additions of hospitalist groups and new clients brought into the IPC fold. In February, it was a New England group of hospitalists; in December it was Michigan and Florida. The company currently has a presence in 14 states around the country.

There are other big hospitalist groups – Cogent Healthcare is the most obvious competitor. The industry is growing quickly. At the Society of Hospital Medicine’s annual meeting last May, the leadership celebrated the tenth anniversary of the organization and spent some time talking about future growth in the specialty. About half the hospitals in the country still don’t have hospital medicine programs, and SHM thinks the number of hospitalists practicing could grow by half to about 30,000 in the next couple of years.

Singer is kind of evangelical about the specialty, and he sees the IPO not just as a way to bring more money into the company – and his pockets as well – but as a way to further improve quality and reduce costs by expanding hospital medicine to more hospitals. He has a lot of data to take with him to future meetings with potential clients. There are plenty of peer-reviewed studies about the positive impact of hospitalists on patient care and the bottom line. They seem able to get patients out of the hospital faster without compromising outcomes. That allows hospitals to “sell” more bed-days. “Hospital medicine is here to stay,” Singer says. His company, he says, has raised the bar. “We provide services like transition management – getting patients from hospital to home or long-term care facility – and case management. These are things that many others don’t do. I think that we can improve the whole system by doing this and by giving hospital medicine another avenue to tout its results.” ☒

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