



Getting Your House (Practice) in Order: Keys to Optimizing Practice Valuation

Moderated by:

ANDY SALMEN

Director of Business Development

Healthcare Information Services

AGENDA

1. **Intros – Who are We**
2. **What is your EBITDA and what is your practice worth?**
3. **Platform vs Add-On**
4. **Current Orthopedic Platforms and Future Growth Strategies**
5. **WIIFM – “What's In It For Me”**

WHO ARE WE

- **Panel**

- John Hornberger, Vanguardian Growth Strategies
- Colin Forde, Synergistic Capital Partners

- **Moderator**

- Andy Salmen, HIS



Helping Medical Groups and Healthcare Service Businesses Develop, Grow and Exceed Their Goals

- **Strategic Planning**
- **MSO Formation and Development**
- **Group Mergers & Acquisitions**
- **Private Equity Partnerships**

Who is HIS

- ❑ Experts in the business of Orthopedics
 - ❑ Over 40 years experience in Orthopedics
 - ❑ C-level experience in Orthopedic practices
 - ❑ Nationwide clients and partnerships

GAME  READY®

AVANOS

 **NOVO** Health.

Indiana 
Hand to Shoulder
Center

 **SPIRE**
ORTHOPEDIC PARTNERS

 **ORTHOPEDIC CENTER**
of Palm Beach County

 **Advanced**
orthopaedics
& sports medicine

 **OrthoNJ**

 **COLUMBIA** | **ORTHOPEDICS**

 **MSA**
ORTHOPEDICS

 **Orlando**
Orthopaedic
Center

 **ORTHOPEDIC**
ASSOCIATES

 **ORTHOPAEDIC**
CENTER Of South Florida

 **AOP**
American Orthopedic Partners

 **RML**
SPECIALTY HOSPITAL
CHICAGO - HINSDALE

 **NORTH**
CYPRESS
MEDICAL
CENTER

 **SUBURBAN**
ORTHOPAEDICS

 **MONTEREY SPINE & JOINT**

 **AMERICAN HIP INSTITUTE**
& ORTHOPEDIC SPECIALISTS

 **INSTITUTE FOR**
Orthopaedic Surgery &
Sports Medicine

 **HARBIN**
CLINIC

 **ILLINOIS**
BONE & JOINT
INSTITUTE^d

 **NEURAGENEX**
TREATMENT CENTERS

Expert Capabilities

- **Revenue Cycle Management**
- **Coding Education and Analysis**
- **Compliance Plan Creation and Audit**
- **Advanced Business Intelligence and Analytics**
- **Practice Management and Consulting**
 - Practice Management
 - Executive leadership
 - Mergers and Acquisitions
 - Strategic Growth
 - Business development and marketing
- **Technology Development and Management**

What is your EBITDA & what is your practice worth?

- **Understanding EBITDA:**
 - EBITDA = **E**arnings **B**efore **I**nterest, **T**axes, **D**epreciation, and **A**mortization. How do I calculate our EBITDA ?
- **Valuation and Multiples:**
 - Multiples are used to calculate the potential sale price and are based on factors such as Total Revenue, EBITDA, Ancillary Integration, Number of Physicians & Locations, and Administrative Sophistication.
 - Multiples have largest effect on physician compensation post-transaction.

What is your EBITDA & what is your practice worth? (cont'd)

- **Why should we concentrate on value?:**
 - 3-5 year strategic plan
 - Most future opportunities
- **Maximizing Practice Value:**
 - Valuations are based on TTM (Trailing Twelve Month) financials, now is the time to prepare for any potential valuation next year
 - Develop and maximize ancillary services and related profits
 - Carefully monitor capital expenditures and new expenses
 - Explore the option of local and regional mergers and acquisitions (M&A) to maximize valuation

How does Private Equity Work? Platform vs. Add-On

- **What is Private Equity and how does it work?:**
 - How does PE increase your value after partnership?
 - What do the current physician partners own after partnership?
 - How does a PE partnership change my practice?
 - How large does my practice need to be for PE to make sense?
- **Joining an Established Platform:**
 - Evaluate the potential benefits and drawbacks of aligning your practice with an existing PE or Strategic backed infrastructure.
 - Physician groups with less than \$5M in EBITDA main option

How does Private Equity Work?

Platform vs. Add-On

- **Developing a Platform:**

- Goal of over \$5M-7M in EBITDA
- Multiple locations in geographic region with well integrated services and infrastructure
- Established quality metrics
- Well managed MSO centralizing services and fueling growth
- Successful aggregation with existing service area physicians and groups
- Executable future growth plan

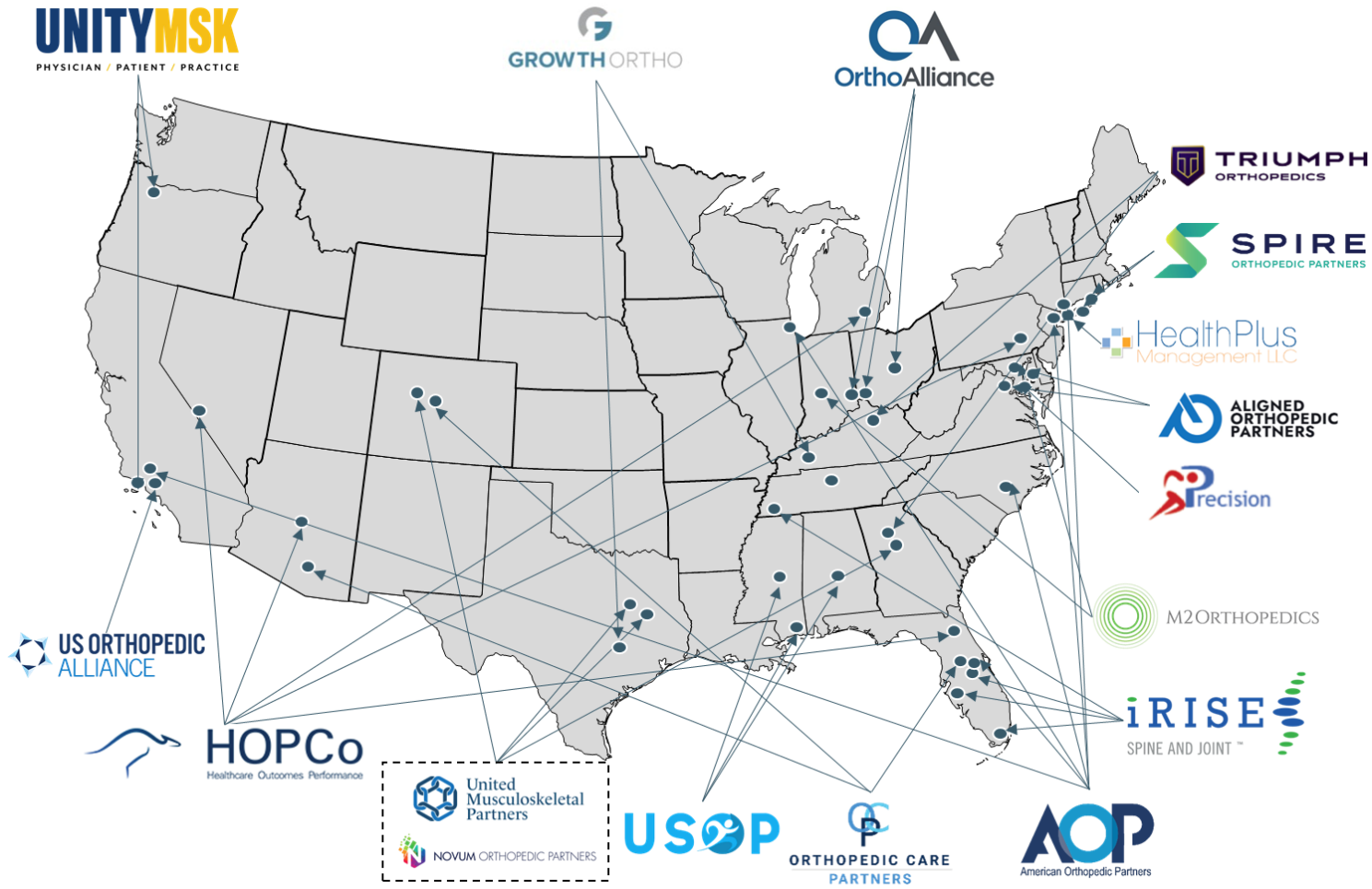
- **Go to Market Strategy:**

Do we need an investment bank?

Current Orthopedic Platforms and Future Growth Strategies

- **Existing PE Platforms:**
 - Familiarize yourself with the current private equity platforms in the orthopedic specialty.
 - Gain insights into their strengths, weaknesses, and success stories.
 - Discover areas where your practice can leverage its expertise and contribute to the growth of a platform.

Current Ortho PE Market



Transactions through 2022

Date	Target	Platform	PE Sponsor	State
September 2022	Georgia Bone and Joint Surgeons	Triumph Orthopedics	Shore Capital	Georgia
September 2022	Orthopaedic Associates of Zanesville	OrthoAlliance	Revelstoke Capital	Ohio
August 2022	Jordan-Young Institute	Aligned Orthopedic Partners	Atlantic Street Capital	Virginia
August 2022	The Wilsonville Foot Health Center	Unity MSK	Trinity Hunt	Oregon
July 2022	Orthopedic Foot & Ankle Center	OrthoAlliance	Revelstoke Capital	Ohio
July 2022	Clintonville Foot & Ankle Group	OrthoAlliance	Revelstoke Capital	Ohio
July 2022	Panorama Orthopedics	United Musculoskeletal Partners	WCAS	Colorado
July 2022	North Texas Orthopedics & Spine Center	Novum Orthopedic Partners	A&M Capital Partners	Texas
June 2022	OrthoNeuro	OrthoAlliance	Revelstoke Capital	Ohio
June 2022	Orthopedics Specialties of Austin*	Growth Ortho	Trivest Partners	Texas
May 2022	Premier Orthopaedics	HOPCo	Linden	Pennsylvania
April 2022	Shady Grove Orthopaedics	Aligned Orthopedic Partners	Atlantic Street Capital	Maryland
April 2022	Sports Medicine North	Spire Orthopedic Care	Kohlberg & Company	Massachusetts
January 2022	JIS Orthopedics	OrthoAlliance	Revelstoke Capital	Ohio
January 2022	Washington Orthopaedics and Sports Medicine*	Aligned Orthopedic Partners	Atlantic Street Capital	DC
December 2021	Resurgens Orthopaedics	United Musculoskeletal Partners	WCAS	Georgia
December 2021	Arlington Orthopedic Associates	Novum Orthopedic Partners	A&M Capital Partners	Texas
December 2021	Andrews Sports Medicine & Orthopaedic Center	US Orthopaedic Partners	FFL Partners	Alabama
November 2021	Anderson Orthopaedic Clinic	M2 Orthopedics	Archimedes	Virginia
October 2021	Orthopaedic Associates of St. Augustine	HOPCo	Linden	Florida

Courtesy of Physician Growth Partners, LLC

Current Orthopedic Platforms and Future Growth Strategies

- **Strategic Partnerships:**
 - Explore the benefits of strategic partnerships with other healthcare entities.
 - Learn how collaboration can drive growth and create mutually beneficial opportunities.
 - Existing MSO participation
- **Private M&A:**
 - Understand the potential for private mergers and acquisitions within the orthopedic specialty.
 - Evaluate the advantages and challenges associated with this approach.

WIIFM – What's In It For Me

- **MSO Formation with Equity:**
 - Consider forming a management services organization (MSO) with equity to retain control and benefit from future value creation.
- **Negotiate a Transaction Fee:**
 - Explore the option of negotiating a fee and future equity upon successful close of the transaction. The best time is now.
- **Secure Your Position in New Co:**
 - Develop a plan to maximize your personal value.
 - You may be negotiating the with your future boss

Thank you ! Q & A



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For additional questions contact:

Andy Salmen – asalmen@healthinfoservice.com

John Hornberger – john@vanguardianmed.com

Colin Forde – cf@scappartners.com