Moving Towards a Cash-Based Practice

Larry L. Bans, M.D.
Practice Background

- Started Prostate Solutions of Arizona in 2004 with 6 insurance plans including Medicare
- Previous practice had numerous plans including Medicare
Current Status

Practice now has three insurance plans
(Dropped Cigna and Aetna in 2005)

Opted out of Medicare as of July 2006
Goals for Opting Out

- Do not want to work for the government
- Decrease total number of patients, to spend more quality time with existing patients
- Be better off financially with less volume of patients
Implementation

- July – Dec 2005
  - Notified Patients of future Medicare changes
  - Dropped Aetna August 2006
  - Dropped Cigna December 31, 2006

- Jan – July 2006
  - Non-Par Status with Medicare

- July 2006
  - Opt-out Status with Medicare
Revenue
July 2005 – August 2006

Total Revenue vs. Medicare Revenue
Revenue
July 2005 – August 2006

Total Revenue vs. Medicare Revenue

Larry L. Bans, M.D.  www.psa.md
Patient Count
July 2005 – August 2006

Number of Total Patients vs. Medicare Patients

Larry L. Bans, M.D.  www.psa.md
Medicare Revenue Analysis

Average Percent of Total Medicare Patient Revenue

<table>
<thead>
<tr>
<th>Period</th>
<th>Medicare</th>
<th>Non-Par</th>
<th>Opt-Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>July - Dec 2005</td>
<td>48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January - June 2006</td>
<td></td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>July - August 2006</td>
<td></td>
<td></td>
<td>36%</td>
</tr>
</tbody>
</table>
Medicare Patient Analysis

Average Percent of Total Medicare Patients

- **Medicare**: 47%
- **Non-Par**: 35%
- **Opt-Out**: 20%

Time Periods:
- **July - Dec 2005**: Medicare 47%
- **January - June 2006**: Non-Par 35%
- **July - August 2006**: Opt-Out 20%
Medicare Revenue Analysis

Average Percent of Total Medicare Patient Revenue

- Medicare: 48%
- Non-Par: 52%
- Opt-Out: 36%

July - Dec 2005
January - June 2006
July - August 2006
Summary

- Overall: relieved and happier with practice direction and outlook
- Patient/Office perspectives
  - Patient load appears to be decreasing slightly
  - Working toward 4-day work week
- On-going analysis and observation will help determine if goals are met
Special thanks

- Bob Maxwell, R.N. – Office Manager
- DoctorSolutions, Inc. -- Practice Mgmt Co.
- Scott Appel, Director of Marketing
Thank you

Larry L. Bans, M.D. • www.psa.md