

Our Plan of Action Begins with Delta's *Feasibility Process*

Results You Can Expect from the Feasibility Process

This process provides information necessary to make an informed decision on whether to move forward with the merger. It does not cost a lot to get started, yet it answers many critical questions. -- as detailed below.

Delta remains involved in conjunction with each practice's manager and staff to complete the operational implementation. We also remain involved with the chosen legal counsel to facilitate their translation of governance decisions into legal language.

Purpose and Vision

- What is the purpose of the Group?
- What strategic opportunities exist for the physicians in a group vs. staying in independent practice?
- What legal requirements have to be met to meet the definition of a group practice?
- What alternatives to merger exist, and what are the pros and cons of each?

Practice Financial Analysis

- Confidential analysis of each participating practice, benchmarking:
- Practice revenue, overhead and staffing
- Billings, collections and reimbursement
- Asset valuation

We use these analyses to develop a "baseline proforma" to which we overlay the financial impact of the Strategic Opportunities, below, to quantify the impact the group will have on each participating physician.

Strategic Opportunities

We will examine the strategic opportunities identified including:

- What (if any) ancillary opportunities exist? What do they cost? What profit will they generate?
- What are reimbursement trends in the area and will a larger group impact them? What will that impact be?
- What other threats or opportunities exist for the new group and what are their strategic and financial impact?

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Governance

We will help you determine, without the premature distraction of detail legal language, how the group will be structured and make decisions including:

- How much autonomy can be maintained in existing practices?
- What will be the composition of the Board?
- How much power will it have?
- How will physicians buy-in and buy-out?
- When will supermajority votes be required?

Operational Issues

- What impact will the new group have on day-to-day operations?
- What operational efficiencies are available, if any?
- What services will be centralized?
- Do any of the participating groups have existing hardware and software suitable for a management information systems (MIS) platform for the new group? If not, what alternatives exist and what do they cost?
- What will it cost to create the infrastructure necessary to support a group this size?

Income Distribution

- How will the new group divide income, and what impact will the income distribution plan have on the participating practices and individual physicians?
- How will revenue and overhead be divided?
- How will existing and new ancillary service profits be shared?
- How will existing incomes be impacted by the group in the short-term? Long-term?

Next Steps

The process continues with operational implementation.



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