

**"Implementation Issues  
and  
Future Opportunities  
in Consumer Driven Health Care"**

**The National Consumer Driven Health Care Summit**

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# Overview of Camden Partners

## A consistent and focused approach to growth private equity investing

- Founded in 1995
- Based in Baltimore, Maryland
- Independent private equity and investment management firm with more than \$700M under management
- Team of six investment partners with more than 100 years of investing and operating experience
- Primary target markets include health care, education and business services
- Typical Investment Profile
  - “High-growth, market-leading private companies run by people we admire”
  - Target revenue range: \$10M - \$75M
  - Lead investor with minority equity position with board representation
  - Target investment size: \$5M - \$25M

# Strategy

- **Invest In High-Growth Companies** Camden portfolio companies have the potential to achieve and sustain significant long-term growth and profitability with recurring revenue models and operating leverage.
- **Partner With Entrepreneurs** Camden supports entrepreneurs to make big decisions concerning growing, restructuring or reorganizing their businesses.
- **Pay Strict Attention To Risk** Camden will look to optimize investment performance by controlling various types of risk
  - Management / leadership risk
  - Structural risk
  - Leverage risk
  - Barriers to liquidity
- **Provide More Than Just Capital** Deep industry-based operating experience  
Long-term perspective on capital markets  
Successful track record of achieving liquidity  
Extensive contacts and board-level expertise

# Target Markets

## Where we invest

### Sector Characteristics

- Attractive underlying demographic drivers
- Minimized capital investment with highly-scalable businesses
- Proprietary technologies with significant barriers to entry
- Non-cyclical/counter-cyclical industries
- Recurring revenue models and operating leverage
- Consistent profitability and strong, predictable cash flow
- Earnings growth rates that can outpace broader economic growth

# Target Markets

## Where we invest

### Healthcare

- Estimated expenditures of over \$2.3 trillion in 2007
- Represents the single largest segment of GDP (16%)
- Projected revenue and earnings growth in excess of broader economic growth
- Highly fragmented, inefficient sector
- Specific opportunities for growth stage companies to scale quickly when properly resourced

### Education

- Estimated expenditures of \$1.3 trillion for 2007
- Predictable revenues, pricing flexibility, and favorable cash flow dynamics
- Undergoing a transformation largely driven by knowledge based economy
- Increased acceptance of on-line education / training providing a greatly expanded platform

### Business Services

- Estimated expenditures of over \$1.6 trillion
- Future growth expected to be 7% annually
- Less capital intensive than other industries
- Generates solid potential for cash flow growth
- Rapidly evolving sub-sectors largely driven by demographic trends, fundamental technology improvements and changing government regulations

## Representative Health Care Investments



# Opportunities in Consumer Driven Health Care

- **Convergence of Financial Services and Health Care**

- “The Next Trillion Dollar Market” (study by Booz Allen Hamilton)
- Penetration of account-based plans, i.e. HSAs/HRAs (WageWorks)
- Leads to additional financial products and ancillary revenue streams

- **Health 2.0**

- Started with better health information and moving to limited price transparency over the Web
- Leading to smarter decision support systems
- Clinical decision support likely will lag financial decision support
- Ideal segue into pay-for-performance (PFP) via Web-based tools



# Opportunities in Consumer Driven Health Care

- **Health 2.0 (continued)**

- Other applications include increased payer contracting transparency
- Enabled by electronic exchange of eligibility and benefits (CAQH)
- Will create new tensions/relationships between payers and providers.....as always mediated by public policy

- **Consumer Health & Wellness Initiatives**

- Behavioral changes
- Lifestyle management and coaching at the individual and employer levels
- Success drivers include
  - Degree of web integration
  - Degree of reimbursement standardization
  - Veracity of ROI models

**Thank you!**

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**Camden Partners**

**[www.camdenpartners.com](http://www.camdenpartners.com)**