

PAYING PHYSICIANS FOR BETTER QUALITY

presented by

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OVERVIEW

- A. PAYMENTS TO PHYSICIANS
- B. PARTICIPATING BONDS
- C. EXAMPLE

A. PAYMENTS TO PHYSICIANS

1. FORMS
2. REGULATORY RESTRICTIONS

1. FORMS OF PAYMENT

A. FOR SERVICES

B. FOR COST REDUCTION

C. INVESTMENT RETURNS

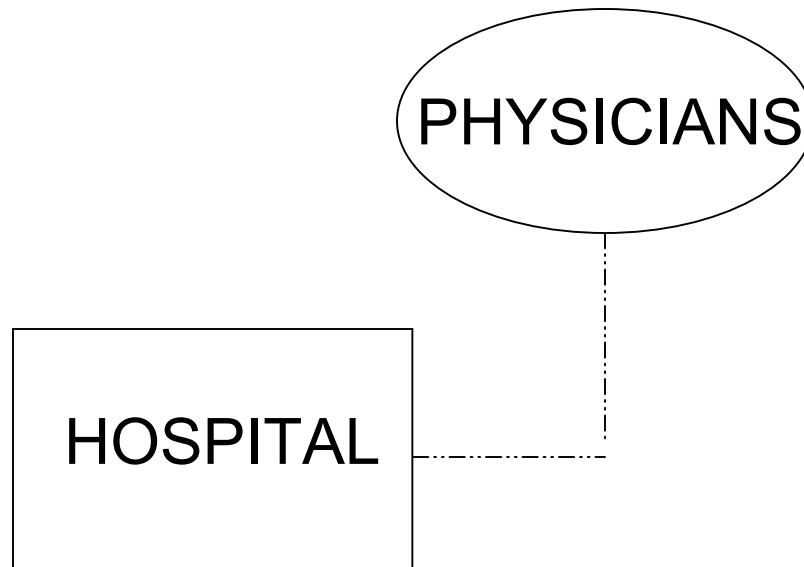
2. REGULATORY RESTRICTIONS

1. FEDERAL AK STATUTE
2. STARK LAW
3. CMP LAW
4. STATE LAWS
5. INTERNAL REVENUE CODE

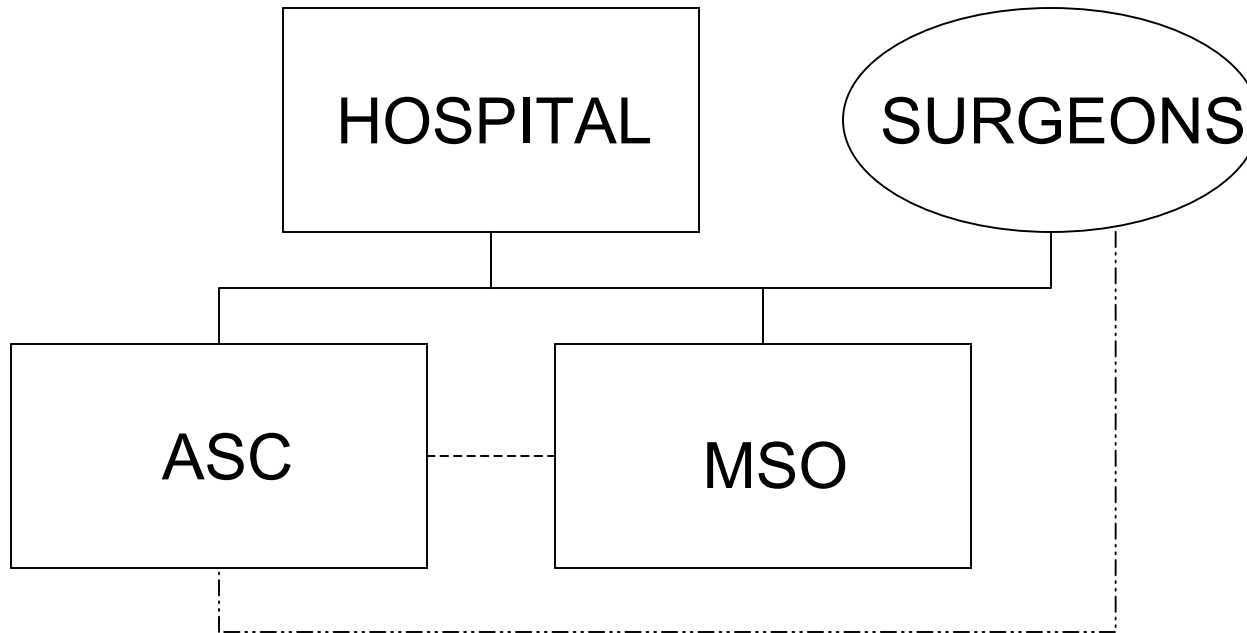
B. PARTICIPATING BONDS

1. DESCRIPTION
2. KEY FEATURES
3. BENEFITS
4. ACCEPTABILITY

1. DESCRIPTION



1. DESCRIPTION



2. KEY FEATURES

- a. HIGH RATES
- b. “PARTICIPATING”
- c. FIXED YIELD
- d. PERFORMANCE TARGETS

PERFORMANCE TARGETS

1. FINANCIAL TARGETS
2. QUALITY AND PATIENT SATISFACTION
3. OTHER
4. MODIFICATION

EXAMPLE

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Margin	3.1%	3.6%	2.7%	3.3%	3.2%
% Earned	11%	11%	11%	11%	11%
% Paid	11%	11%	0%	23.2%	11%
Pre-Tax	18.3%	18.3%	0%	38.7%	18.3%

3. BENEFITS

- A. HIGH RETURNS
- B. LOW RISKS
- C. PRACTICAL BENEFITS
- D. LOW COSTS AND TAXES

LOW COSTS / TAXES

FINANCING COSTS	\$2,135,000
SERVICES AND SUPPLIES	600,000
PROPERTY TAXES (2.7%)	1,423,201
SALES TAXES (8.25% x 49%)	1,111,687
INCOME TAXES	<u>1,822,525</u>
TOTAL	\$7,092,413

4. ACCEPTABILITY

- a. 20 YEARS OF USE
- b. IRS
- c. OIG
- d. BOND AUTHORITIES
- e. BOND COUNSEL

C. EXAMPLE

1. SPECIFIC HOSPITAL
2. COMPETITIVE THREAT
3. PERFORMANCE TARGETS
4. OUTCOME

QUESTIONS?