



Progressive Healthcare Systems

Internet-based Business and Management Solutions for Physicians

PHS Company Backgrounder

The Company

Progressive Healthcare Systems is a full-service Management Services Organization (MSO) offering Internet-based business and practice management solutions for physician organizations.

The PHS mission is to promote physician-driven quality healthcare through innovative business solutions that give physicians the management support they need.

- Physician-focused systems
- Physician-controlled processes
- Physician-driven decisions
- Physician investment opportunities

Mission

The mission of PHS is to promote physician-driven quality healthcare through innovative business solutions.

History

PHS was founded in 1998 by four physician and executive partners, each a pioneer in managed care with more than 20 years experience in the management of clinical practices. Today they have assembled a skilled staff and turned their expertise to helping physician groups, IPAs and other healthcare organizations everywhere.

The PHS Internet Connection

PHS is one of the first MSOs to offer the speed and convenience of the Internet to provide physician organizations with real time medical and management information related to their practices. With just a PC and Internet access, physicians have access to the records, reports and other data they need, 24 hours a day, seven days a week. The PHS Web site at www.msophs.com offers password-protected client data with secure information transport. The site also offers industry facts and trends, plus links to other healthcare and business sites.

PHS Services

PHS offers complete, turnkey practice management or a choice of services, including:

- Claims management
- Contract consulting
- Financial services
- Documentation and reporting
- Managed care training
- Marketing and business development
- Member services and education
- Organizational development
- Physician leadership development
- Policies and procedures
- Referrals and authorizations
- Staff training
- Strategic planning
- Utilization and quality management

Management

The PHS management team is led by:

Marvin V.H. Kanter, MD, Chief Executive Officer
Joan Rose, MPH, Chief Operating Officer
Bernard Siegel, MD, Medical Director
Michael L. McKee, CPA, Chief Financial Officer

Web site

www.msophs.com



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The Advantages of PHS Management Systems for Medical Groups, IPAs and Other Healthcare Organizations

Progressive Healthcare Systems, Inc., LLC, (PHS) is one of the first management service organizations (MSOs) to offer the speed and power of Internet communications. But that is just one of the reasons to trust your practice management to PHS. Here is a quick summary of the benefits and advantages of making PHS part of your plans for the future.

A Physician-Friendly Business Philosophy

We do not want to own physician organizations; we want to manage the business aspects of practices and free physicians to manage clinical care. Our philosophy is simple:

- Physician-focused systems
- Physician-controlled processes
- Physician-driven decisions
- Physician investment opportunities

Experienced Leadership

The PHS board of directors and management team are among the nation's most experienced leaders in physician organization and capitation management.

Strong Managed Care Expertise

The management and staff of PHS have been in the forefront of managed care for more than 20 years, pioneering many managed care techniques and developing practical approaches to capitation.

Computerized Information Reporting

You determine the reports you need—financial reports, utilization management, data analysis, budgeting, compliance documentation, historical records or others. Our computers generate them quickly and accurately and on the schedule you request.

Innovative Program Development and Support

Whether you need patient education programs, policies and procedures development, staff training, claims management, marketing, managed care training, quality management or any other support service, we're there with solutions that work.

The Internet Connection

All you need is a PC and Internet access to get records, reports and other essential data, 24 hours a day, seven days a week. Simply log in to www.msophs.com and select our password-protected client site for real-time data, secure information transport, links to healthcare and other Internet information, and more. It's as easy as point and click.



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PHS Services for Physician Organizations

Progressive Healthcare Systems, LLC, (PHS) is a Management Services Organization (MSO) established to meet the needs of medical groups, independent practice associations (IPAs) and physician services organizations (PSOs.) Our Internet-based system gives you and your staff secure, real-time access to the information you need, when you need it. It allows information to be shared quickly and easily with hospitals, pharmacies, health plans and other partners.

You can choose complete turnkey practice management from PHS or select only those services that are needed at this time. Either way, you can expect many noticeable benefits, including:

- reduced administrative costs,
- timely access to accurate records,
- more effective control of billings,
- more efficient use of physician and staff time.

Complete Practice Management

Our turnkey practice management program includes everything you need to manage your medical group or IPA. It's a practical concept: you own, we manage. Your physicians can focus on taking care of patients while we do everything else. All of the services listed below are included, plus any customized services you require.

Claims Management

Our claims management service takes care of processing all claims coming into your business, including payment to doctors, claims for professional and ancillary services, and payments for facilities and other products and services. Our prompt and accurate attention to claims will save you time and money.

Contract Consulting

Appropriate contracting based on true costs often makes the difference between financial success and failure of IPAs and medical groups. Our years of experience have demonstrated how important it is to analyze the areas of the contract that affect the net amount of capitation an organization receives. We can help protect your bottom line with knowledgeable consulting on your health plan contracts as well as your professional and ancillary services contracts.

Financial Services

Our experienced professional staff provides complete financial services, including accounting, budgeting, and tracking of managed care capitation payments and member co-payments. We offer a wide range of customized, easy-to-read, computer-generated reports that you can access via the Internet at any time from any PC.

Governance and Organizational Development

The top management of PHS has unsurpassed experience in governance and organizational development. We can help you structure your medical management model, set up your healthcare delivery systems, develop physician leadership and establish committee structures. If your group is new, we can give you the start you need to succeed. If your current structure no longer works as well as it should, we can facilitate your move to a more effective management structure.

Information Documentation and Reporting

The more information you have, the more effective your organization will be. We work with you to develop a customized information package that meets the needs of your group. You select the documents you need: periodic performance reports, an analysis of practice patterns, QM and UM documentation, compliance reporting, and any other information you want. These reports will be available to you through our password-protected Web site.

Managed Care Training

Whether you're new to managed care or have been involved in it for some time, there are always new techniques and "best



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practices” to master. PHS provides education at all levels, including physician training, group seminars, and staff training. Our staff medical director, who has extensive experience in managed care processes, directs the PHS managed care training program and is available for consultation.

Marketing and Business Development

PHS will work with your management team to establish an effective strategic planning process. Working together we will develop a sound business plan that will help you meet your growth goals and financial expectations. Marketing strategies will be formulated to help you create alliances with hospitals and other organizations and increase your visibility in your local business community. We can also create the marketing materials you need to support these efforts.

Member Services and Education

Member satisfaction is the key to retention and growth. PHS has a member services department that is available to your organization. A telephone service line, member education programs, special classes in pre-natal care and senior nutrition, member newsletters, and patient satisfaction studies are just a few of the services we can provide for your members.

Physician Ownership and Leadership Development

We teach you how to structure a physician-owned medical group or IPA and how to incorporate stock options and other incentives into your physician and executive compensation plans. We also offer ongoing ownership consulting and executive training. Ownership and investment opportunities may also become available within PHS to enhance your organization’s profitability.

Policies and Procedures Development

Carefully written policies and procedures can protect a medical group or IPA from legal and financial risk. We develop manuals and guidelines for meeting HICFA and other regulatory standards to ensure that your organization is always in compliance. We help you define your medical “best practices,” establish patient service procedures, set employment standards, and develop employee handbooks that clearly define your organization’s policies.

Referrals and Authorizations

PHS handles your referrals and authorizations quickly, easily and automatically through our virtual private network. Your physicians make the decisions; we handle the transfer of information. It is all automated through the Internet and accessible to your physicians.

Staff Training

As soon as you sign up with PHS we begin training your staff. Classes, seminars and specialized training for key staff are held at your site. In addition, your staff is invited to attend ongoing group meetings at our site. The goal is to integrate your staff and ours so that we are all working as team to meet your goals.

Strategic Planning

Every successful venture is the result of goals and a plan to get there. Our team of experts works with you to establish short- and long-term goals for your organization, and to develop the strategic plans needed to achieve those goals. As the owners, you decide what you want to accomplish. We help you determine the course of action that will move you forward.

Utilization and Quality Management

These two functions are critical to the success of any healthcare organization that accepts risk-bearing managed care contracts. There are no off-the-shelf UM/QM packages; they must be developed to reflect the values and conditions of your organization. Using the standards set by your physicians, we develop a program that results in high-quality, cost-effective care for your members.



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Biographies

Marvin V. H. Kanter, M.D.

Chief Executive Officer

Marvin V. H. Kanter, M.D., is co-founder and CEO of Progressive Healthcare Systems, LLC, (PHS), responsible for the organization's strategic direction. Dr. Kanter has a long and distinguished background as a practicing pediatrician as well as in the management of physician organizations and the development of innovative approaches to managed healthcare.

Between 1994 and 1998, prior to joining PHS, Dr. Kanter managed the growth and merger of several leading physician organizations, serving first as CEO and Chairman of the Board of the \$30 million Community Medical Group of the West Valley, then as President and CEO of CHS Management, an organization with 300 physicians and employees and \$70 million in revenues. After facilitating the sale of CHS to MedPartners, he served as Regional Medical Director of the MedPartners-Los Angeles IPA Network, including oversight responsibility for 22 IPAs with more than 1,500 physicians serving 265,000 health plan enrollees.

For 25 years ending in 1994, Dr. Kanter was Medical Director of Community Medical Group, where he established the first "medical group without walls" and built the organization from seven to 45 physicians. During that time he became a noted pioneer in prepaid, capitated managed care, overseeing the development of many now widely used managed care policies and organizational structures. From 1967 to 1994, Dr. Kanter was a private practitioner in pediatrics, associated with Pediatric Affiliates Medical Group.

Dr. Kanter was educated at the University of Illinois and received his M.D. from the University of Illinois Medical School. He completed his pediatric residency at Cedars Sinai Medical Center, Los Angeles.

Long active in the medical community, Dr. Kanter currently serves as Vice Chairman of the California Health Care Foundation, Chairman of the Physician Advisory Committee, Blue Cross of California, and a member of the Advisory Committee for Blue Cross of California, PacifiCare and Prudential. Among other activities, he has served as Chief of Staff for West Hills Regional Medical Center, Chief of Pediatrics for Medical Center of Tarzana, and Assistant Clinical Professor, Department of Pediatrics, Center for Health Sciences, University of California, Los Angeles.

Joan D. Rose, M.P.H.

Executive Vice President and Chief Operating Officer

Joan D. Rose, M.P.H., is co-founder, Executive Vice President and Chief Operating Officer of Progressive Healthcare Systems, LLC, responsible for strategic planning, marketing and providing overall leadership for the management team.

From 1996 to 1998 when she joined PHS, Ms. Rose was the Regional Vice President for MedPartners-Los Angeles IPA Network, where she integrated 22 separate IPAs/MSOs into an IPA regional network. Among her responsibilities were the implementation of turn-around plans for unprofitable IPAs and the introduction of sound financial, personnel and medical management strategies. While there she developed and supervised an administrative support structure for IPA providers, developed policies and procedures to assure appropriate financial and MIS reporting, and oversaw major computer upgrades to bring 265,000 enrollees into a single system. From 1995 to 1996 she served as Executive Vice President and COO of CHS Management where she was responsible for the merged operation of the 45,000-member, 200-physician Community Medical Group of the West Valley and 65,000-member, 300-physician Health Source Medical Group.

During the prior 14 years, Ms. Rose was Administrator for the rapidly developing Community Group of the West Valley, helping



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it grow from less than \$100,000 in revenue in 1980 to more than \$30 million by 1994. There she organized and developed a “medical group without walls” to serve pre-paid health plan members, supervised the expansion of the organization, and became one of the first users of IDX managed care software.

Ms. Rose earned both her Bachelor of Arts and Masters of Public Health degrees at the University of California, Los Angeles. She has served as preceptor at the USC Graduate School-Health Care Administration since 1991 and has held leadership positions in a number of professional and healthcare organizations.

Bernard Siegel, M.D. **Medical Director**

Bernard Siegel, M.D., is Executive Vice President and Medical Director for Progressive Healthcare Systems, responsible for the company’s clinical programs and medical affairs. He also serves as Executive Vice President Medical Affiliates, Medical Director and Chairman of the Board of Directors for Community Medical Group, Calabasas, California.

Dr. Siegel has been involved in managed care since 1979 when he joined the leadership of Community Medical Group and helped it become one of the most respected managed care medical groups in California. His responsibilities there included senior contract negotiations with hospitals, and he played a major role in the sale of CHS to a national firm and its later repurchase.

Dr. Siegel was also in private practice with Pediatrics Affiliates Medical Group for 30 years until he joined PHS in 1999. He was affiliated with West Hills Regional Medical Center, where he was a member of the Executive Committee for 10 years, and served at various times as Chief of Staff, Chief of Pediatrics and Chief of Emergency Room. He was a member of the Clinical Institute and Children’s Hospital, Los Angeles, for nearly 30 years.

Dr. Siegel received his undergraduate and medical degrees from the University of Illinois and completed his residency the University of Illinois Research and Educational Hospital.

Michael L. McKee, C.P.A. **Chief Financial Officer**

Michael L. McKee, C.P.A. is Chief Financial Officer for Progressive Healthcare Systems, LLC, responsible for all areas of financial accounting, reporting and management.

Mr. McKee has 25 years experience in the financial field. Most recently he was a principal in Health Finance Advisory Group, an Austin, Texas financial advisory firm, where he managed a number of short- and long-term accounts. For 10 years, he was associated with Youth Services International & Affiliates, a \$100 million publicly held company that provides a broad range of healthcare services for youth and is funded both privately and by state and Federal governments. There he served as divisional CFO for eight of the company’s 30 subsidiaries. Mr. McKee also served as Corporate CFO for Century HealthCare Corporation and Introspect HealthCare Corporation, two affiliated companies that operated 16 healthcare facilities in 10 states generating annual revenues in excess of \$90 million.

In 1975, Mr. McKee joined the national accounting firm of KPMG Peat Marwick in Tulsa, handling a client base that included healthcare, hospitals, physicians and other professional organizations. In 1984 he was admitted to partnership in the firm.