



OIA

OUTPATIENT
IMAGING
AFFILIATES, LLC

Executive Overview

Introduction to a
partnership with OIA

OIA | OUTPATIENT
IMAGING
AFFILIATES, LLC

We are OIA – Our Approach Offers Resources, Experience and Expertise

Our unique joint venture model accelerates center development

What We Do

1

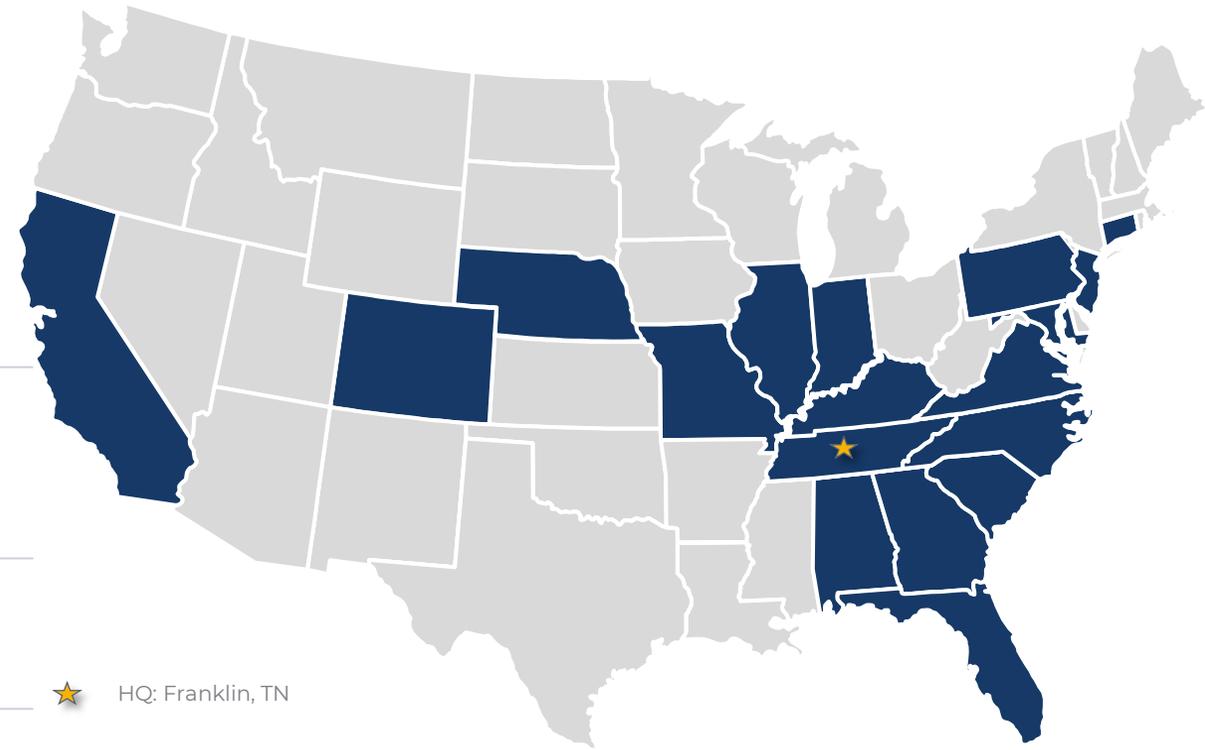
OIA partners with health systems to develop networks of quality, patient friendly, referring physician focused outpatient imaging centers.

2

OIA invests equity (minority) in each project alongside its partner while providing development, management, sales, information technology, billing, collections and other services to the JV.

3

The joint venture structure maximizes the synergies between OIA's expertise and its partner's reputation, brand and relationships.



 **59**
CENTERS

 **22**
MARKETS

 **18**
STATES

 **1.1+ MIL**
ANNUAL SCANS



Imaging Service Line Faces Four Primary Challenges

MARKET FORCES CREATE A CHALLENGING ENVIRONMENT FOR HEALTH SYSTEM GROWTH



Combatting Patient Leakage

Payor steerage is accelerating patient leakage from health systems. This results in loss of direct radiology and downstream revenue.

More than 55%
patient leakage experienced by health systems without robust imaging capabilities ¹



Optimizing Ambulatory Shifts

Imaging volume is rapidly moving from on campus, hospital-based locations to freestanding, off campus sites of care.

More than 50%
increase in outpatient studies in recent years coupled with a 50% decrease in inpatient studies ²



Ensuring Stakeholder Satisfaction

Physicians have more choices of where to refer their patients for services – and patients have expanded options for seeking care.

More than 2 weeks
imaging wait times at the average health system, often with limited modalities and service hours ³



Obtaining Funding for New Projects

Health systems have multiple cross-service line priorities, making it difficult to commit to projects with high price tags and fast timelines.

1.2% decrease
in average health system operating margins in 2022, down from 3% in 2021 ⁴



Expanding outpatient imaging centers can address core market challenges, but most health systems lack dedicated managerial capacity and expertise to prioritize, manage, and launch new centers in a **flexible** and **capital-efficient** manner.

Source: 1. OIA Study; 2. Advisory Board Company Research; 3. American College of Radiology; 4. Moody's Investor Services

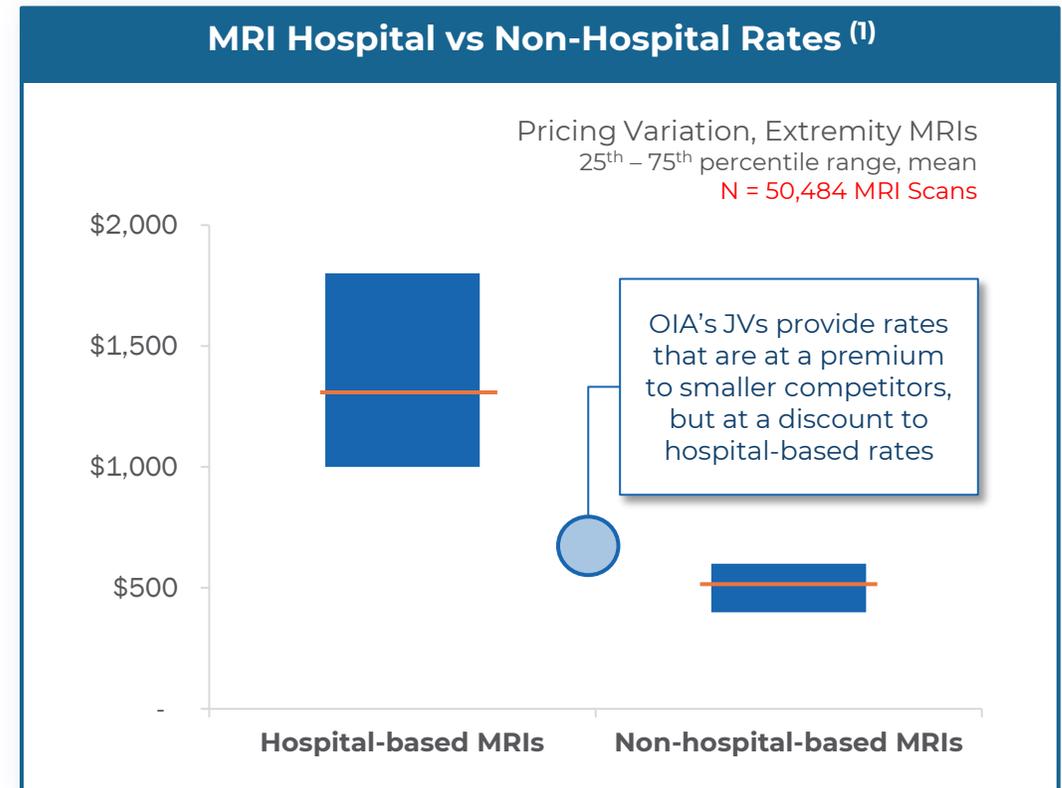
OIA's rate strategy aligns with increasing payor steerage to non-HOPD settings

Compelling center rates enable recapture of lost revenue while still operating at a premium to non-hospital services

OIA's JVs provide rates that are at a premium to smaller competitors, but at a discount to hospital-based rates

How it works →

- OIA's general commercial payor contract pricing is as follows:
 - JV markets: ~230% premium to Medicare rates
- OIA's centers leverage health system relationships to negotiate contracts typically not accessible to independent providers
- OIA collaborates with its health system partners on rate strategies
 - OIA's level of direct involvement in negotiation varies by partner



JV partner drives payor contracting with OIA support and expertise

Reimbursement rate is one key driver of EBITA margin for JV centers

Impact of Global Rates on Operating Margins

	Example A	Example B	Variance
Volume	10.0	10.0	
Global Revenue Per Scan	\$600	\$450	33.3%
Professional Fee (20%)	(120)	(90)	
Management & Billing (10%)	(60)	(45)	
Misc. (10%)	(60)	(45)	
Information Technology	(4)	(4)	
Medical Supplies	(10)	(10)	
Variable Expense	(254)	(194)	
Contribution Margin	\$347	\$257	
Salaries & Benefits	332,000	332,000	
Equipment Related	110,000	110,000	
Facility Related	40,000	40,000	
SG&A	75,000	75,000	
Fixed Expense	\$557,000	\$557,000	
EBITDA	\$323,110	\$94,510	156.4%
<i>EBITDA Margin, %</i>	<i>21.1%</i>	<i>8.3%</i>	

Key Insights

Imaging is a high fixed cost business; even a slight increase in reimbursement rate can have exponential effects on EBITDA margin:

Reimbursement example:

- ✓ A **33%** increase in reimbursement rate results in a **156.4%** increase in EBITDA margin

OIA's proven sales and marketing strategy consistently drives organic growth and creates opportunities for new partnerships

OIA provides a dedicated team of professionals, technical expertise and predictive and rigorous KPI tracking

Dedicated Sales & Marketing Team

OIA's sales and marketing team is responsible for developing and fostering strong physician referral relationships throughout OIA's markets

- ✓ The team leverages the network of its existing health system partners to leverage a captive universe of physician referrals and immediately reduce network leakage
- ✓ OIA invests in proven processes to drive sales force excellence including:
 - ✓ Robust onboarding and ongoing training
 - ✓ "Ride-alongs" and route efficiency reviews
 - ✓ Compensation model aligned with goals

30
Dedicated
Employees

Customized sales and marketing tactics at the local level

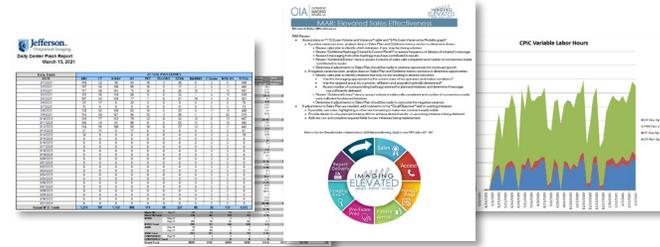
Management of both existing and new health system networks

35K+
Unique, Active
Physician
Referral Sources

Predictive & Rigorous KPI Tracking

OIA's approach to sales and marketing is data-driven, and management leverages referral trend reports and CRM data to benchmarks sales and marketing teams

- ✓ Ongoing monitoring of performance metrics provides accountability, corporate visibility, and quality control
- ✓ Proprietary predictive analytics benchmark the universe of potential referral sources in OIA's markets to identify go-forward opportunities
- ✓ Data-centered culture and focus on situational awareness



Direct-to-Consumer & Referral Strategy

OIA leverages digital and direct-to-consumer strategies to increase awareness and drive volume

- ✓ Digital ad buys of relevant keywords
- ✓ Social media campaigns
- ✓ Extensive pre- and post-opening promotions at newly opened centers



Campaign to Restore Mammography Volume Post-COVID in the Northern Alabama Market

4K+
Individuals
Reached

OIA's sales and marketing team use personal outreach and route coverage to target non-hospital physician referrals

OIA's offers robust IT infrastructure and experience with industry-leading vendors

OIA can adapt to each partner's center-level technology preferences without sacrificing analytics or system efficiency

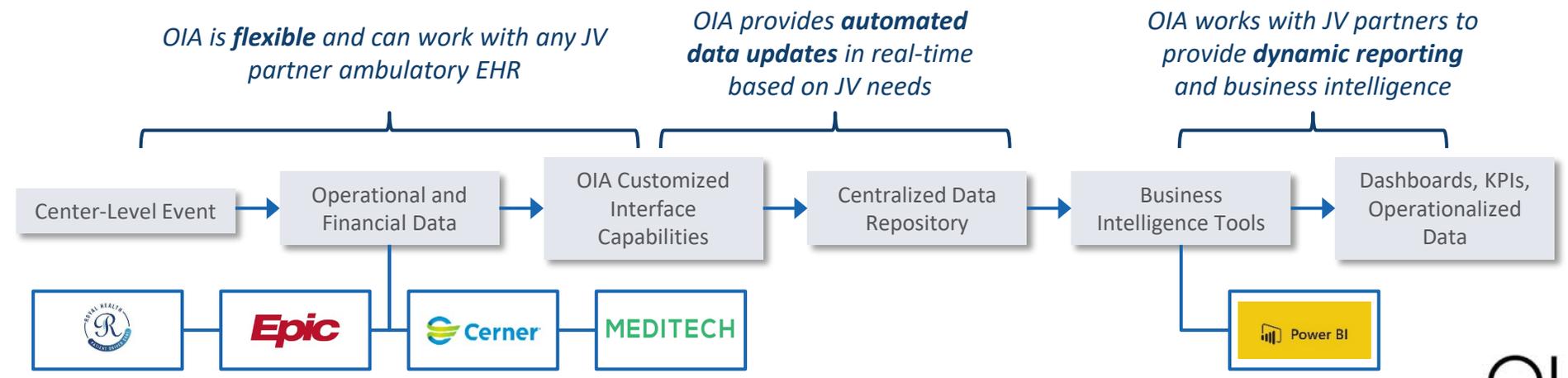
OIA offers JV partners the flexibility to use their existing, preferred technology stack and supplement with OIA's best-in-class IT solutions as needed

How It Works....

- OIA is like the ultimate "Swiss army knife" for JV partners; offering best-of-breed patient-facing and physician-facing systems that JV partners can leverage to meet their needs
- For existing systems, OIA can build integration between OIA and JV partner IT solutions (e.g., EHR)
- OIA's technology solutions are managed directly by OIA stakeholders saving JV partners time and resources

OIA Integrated

Example Technology Partnership:



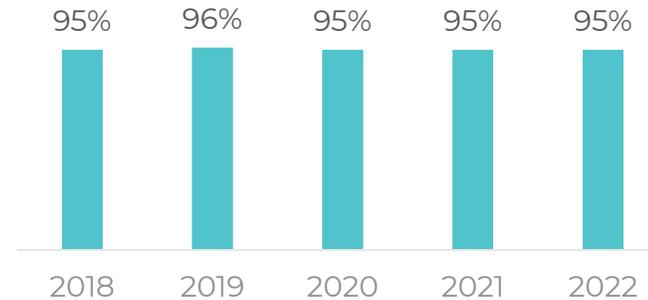
Our services enable high patient satisfaction and outstanding clinical quality

Patient satisfaction and a reputation for clinical quality drive referrals and increase volume

Outcome Drivers:

- ✓ Patient satisfaction is driven by high-quality administrative and clinical interaction
- ✓ OIA's operating experience drives consistent satisfaction for health system partners across its national footprint

Patient Satisfaction- Press Ganey:



Average Overall Patient Satisfaction: 95%

OIA has a track record of high patient satisfaction and tracks **real-time patient responses** across centers

Outstanding Clinical Quality:

100%

2022 ACR / FDA Accreditation

14.7 hours

2022 Average Overall RTAT⁽¹⁾⁽²⁾

Monthly and quarterly coding compliance reviews performed

*"The imaging center extends the hospital's extensive services platform by **addressing patients' and referring physicians' demands** for more patient friendly locations. ... Our outpatient imaging center will greatly benefit the community."*

-Dr. Allen Elster
Chairman, Department of Radiology, Wake Forest University Health Sciences



*"Our joint venture with OIA has **far exceeded** our financial and operational expectations."*

-Larry Fitzgerald
Former Chief Financial Officer, UVA Health Systems



*"OIA has done a quality job of helping to expand JURA's reach...by negotiating acquisitions, arranging financing, effective marketing, and managing all JURA locations while continuing to look for other expansion opportunities. It would not have been possible... without **OIA's resources, expertise, and capital.**"*

-Dr. Vijay Rao,
Chairman, Department of Radiology, Thomas Jefferson University Hospital



[1] Wholly-owned centers, 2022.

[2] Radiology report-turn-around-time is defined as the radiologist's turnaround time from the MRI study becoming available to the radiologist for interpretation to the time the radiology report becomes available to the clinician.

OIA provides financial and operational resources to JV partners

OIA's capabilities reduce the initial capital and resource requirement investments needed by partners

OIA Capabilities



Financial Support



Collaborative Partnership



Operational Expertise



These capabilities enable JV partners to **yield favorable financial and operations results** from partnership with OIA

Impact to JV Centers



Months to Ramp Up [1]

Calculated across all OIA JV facilities



Center Financial Value [2]

Estimated via EBITDA margin by Year 3



Center Growth [3]

Average center locations per OIA JV

[1] OIA Internal Analysis 2022 full-year data.

[2] OIA Internal Analysis, 2022 full-year data; Average Year 3 EBITDA margin across 19 centers

[3] OIA Internal Analysis, 2022 full-year data.

The Typical Pro Forma for Joint Venture Partnership Reduces Capital Constraints

The JV model allows partners to retain branding, input and targeted ownership stake

“Do It Yourself” Scenario

MRI	\$ 1,300,000
CT	\$ 650,000
US	\$ 130,000
X-Ray	\$ 110,000
Mammogram	\$ 240,000
Dexa	\$ 100,000
	<hr/>
	\$ 2,530,000

Leasehold Improvements	\$ 1,580,000
Working Capital Needs	\$ 1,000,000
	<hr/>
Total Project Cost	\$ 5,110,000

TOTAL HOSPITAL
COMMITMENT:

\$5,110,000

“Partner With OIA” Scenario

MRI	\$ 1,300,000
CT	\$ 650,000
US	\$ 130,000
X-Ray	\$ 110,000
Mammogram	\$ 240,000
Dexa	\$ 100,000
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	\$ 2,530,000

Leasehold Improvements	\$ 1,580,000
Working Capital Needs	\$ 1,000,000
	<hr/>
Total Project Cost	\$ 5,110,000

Cash Raised by Partners	\$ 1,500,000
Partner (70%)	\$ 1,050,000
OIA (30%)	\$ 450,000

Non-Recourse Debt (LLC Level) \$ 3,610,000

(Does not affect Partner Debt Covenants)

TOTAL HOSPITAL
COMMITMENT:

\$1,050,000

Benefits of OIA Joint Venture Model

- If multiple centers are developed initially, the commitment for each center would be consistent.
- However, if the centers are staged, the earnings and balance sheet of first center can be used to secure financing for center #2 and so on.
- Future growth would not necessarily require additional cash contributions.

OIA JV partnerships that grew footprint over time did not require incremental capital contributions after the initial Y1 of partnership.

OIA will develop a collaborative partnership with its JV counterpart

The health system partner is the majority owner of this venture will serve as the decision-maker for most issues



Data & Intelligence

OIA will act as a facilitator to gathering data and intelligence and bringing information back to the board/partner for decisions.



Fiscal Planning

Prior to the first fiscal year of the JV and each year, OIA prepares and presents to the board an "Annual Management Plan and Budget".



Work Groups

OIA works with the JV via board meetings and cross-functional work groups to guide data-driven decision making.



Ongoing Support

OIA will offer ongoing cross-functional support across sales, marketing, IT and leadership to meet the JV's needs.

Key Details or Examples

OIA will work with your dedicated partner to review options and provide recommendations for:

- Real estate / space bids
- Construction bids
- Equipment specs

This plan becomes the "marching orders" for the year for both OIA and the JV. The plan includes:

- Pro forma
- Detailed parameters including forecasted volume projections, staffing changes, capex needs, growth opportunities, marketing plan, etc.

OIA collaborates with JV partners in a variety of forums, including:

- Daily volume reports
- Monthly KPI reports
- Monthly work group (OIA ops lead, local administrator, OIA sales/marketing lead, Medical Director, other needed stakeholders)

OIA will proactively meet with JV counterparts to identify areas of opportunity including:

- Sales, marketing, operations, IT and analytics

OIA offers development expertise to identify and prioritize growth opportunities

OIA supports partners strategic plans while bringing its own growth ideas for consideration

OIA provides tailored, customized expertise for JV partners looking to grow – both OIA and Partner can bring growth opportunities to board for consideration*

Process for De Novo and Competitive Acquisition

De Novo Locations



OIA completes new market analysis and business planning**



OIA presents due new market analysis and pro forma to board



Board makes final go/no go decision

Competitive Acquisition



OIA contacts target, executes NDA and secures due diligence information**



OIA presents due diligence findings and pro forma to board

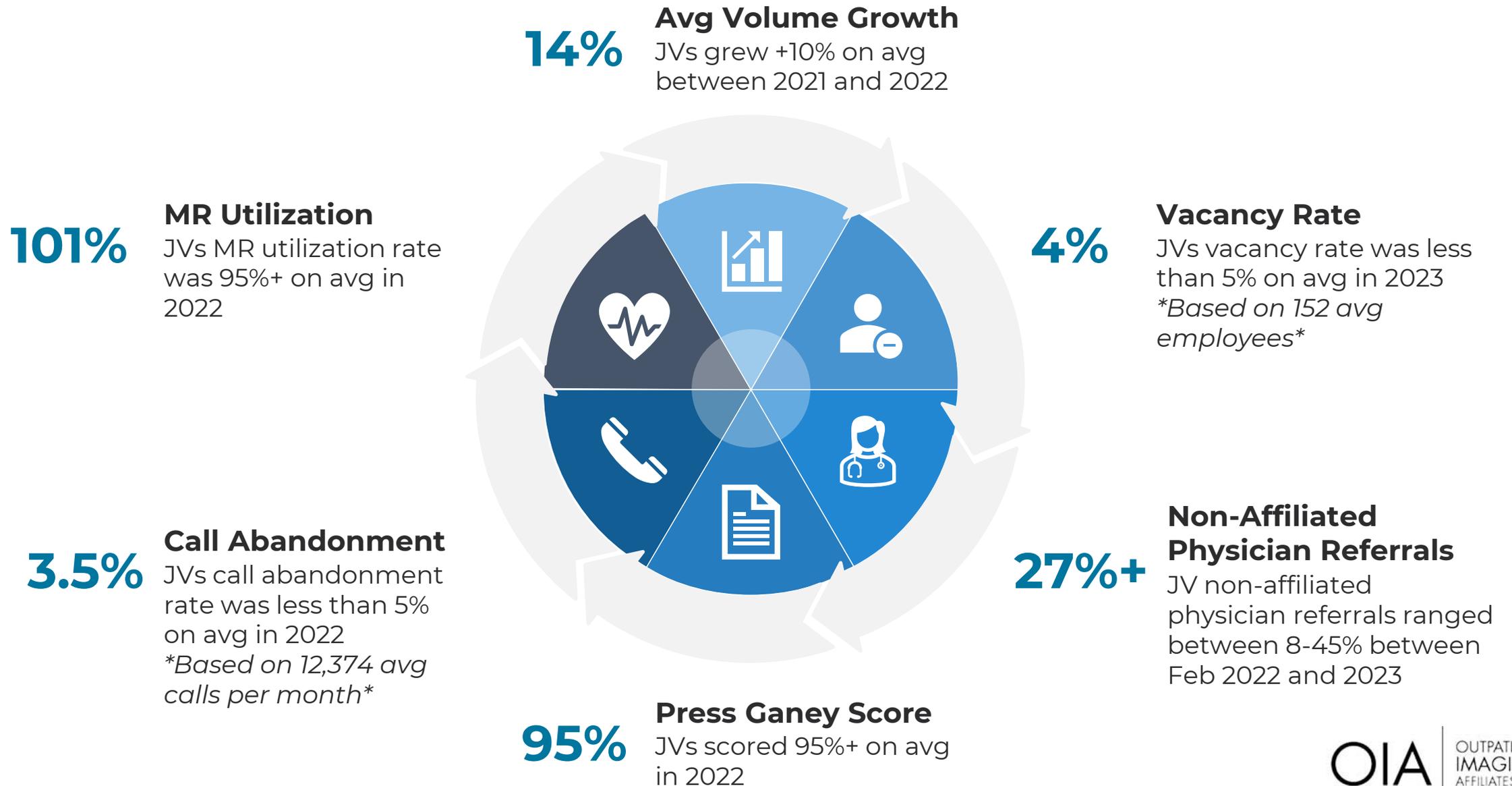


OIA negotiates purchase price and agreements with seller to secure transaction

OIA develops new location or secures acquisition following board direction

JV partnerships yield favorable financial and operational results

Focus on rigorous tracking of operational and financial KPIs to surface meaningful insights to JV partners



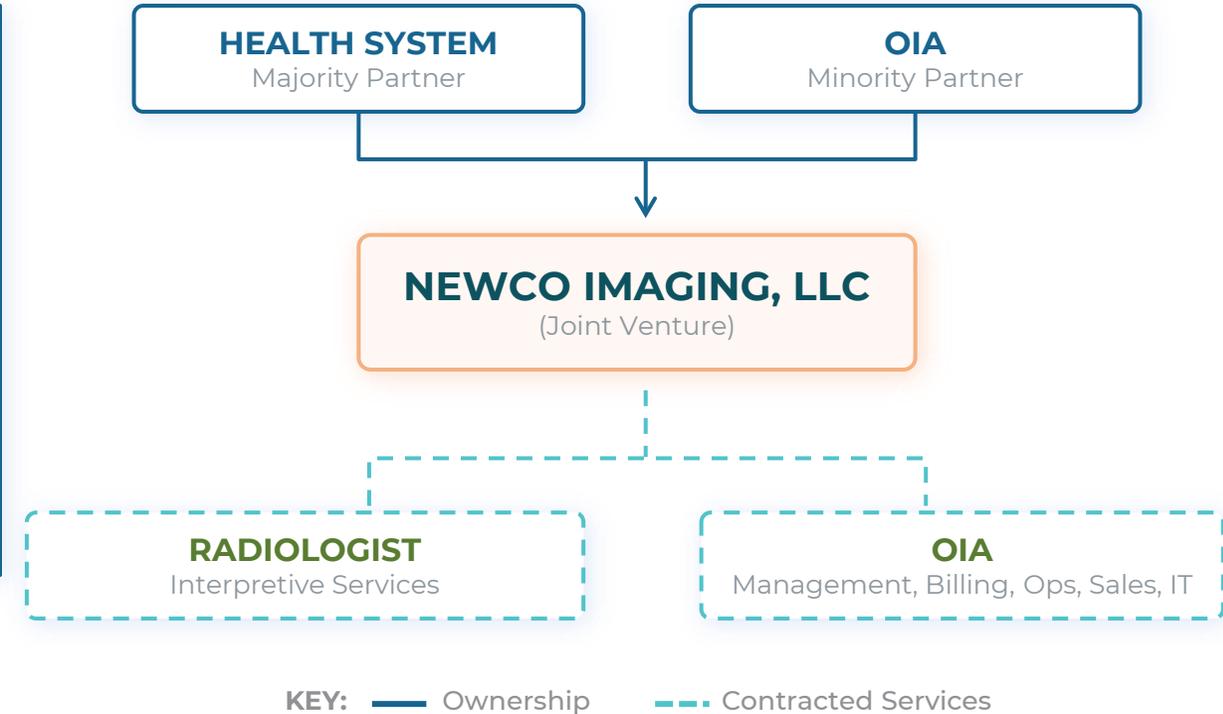
Joint Venture Model is the Preferred Blueprint for Partnership

Health Systems Remain the Face of Enhanced Imaging Services While Backed by Industry Experts

Health System and OIA Combine Resources to Form New LLC

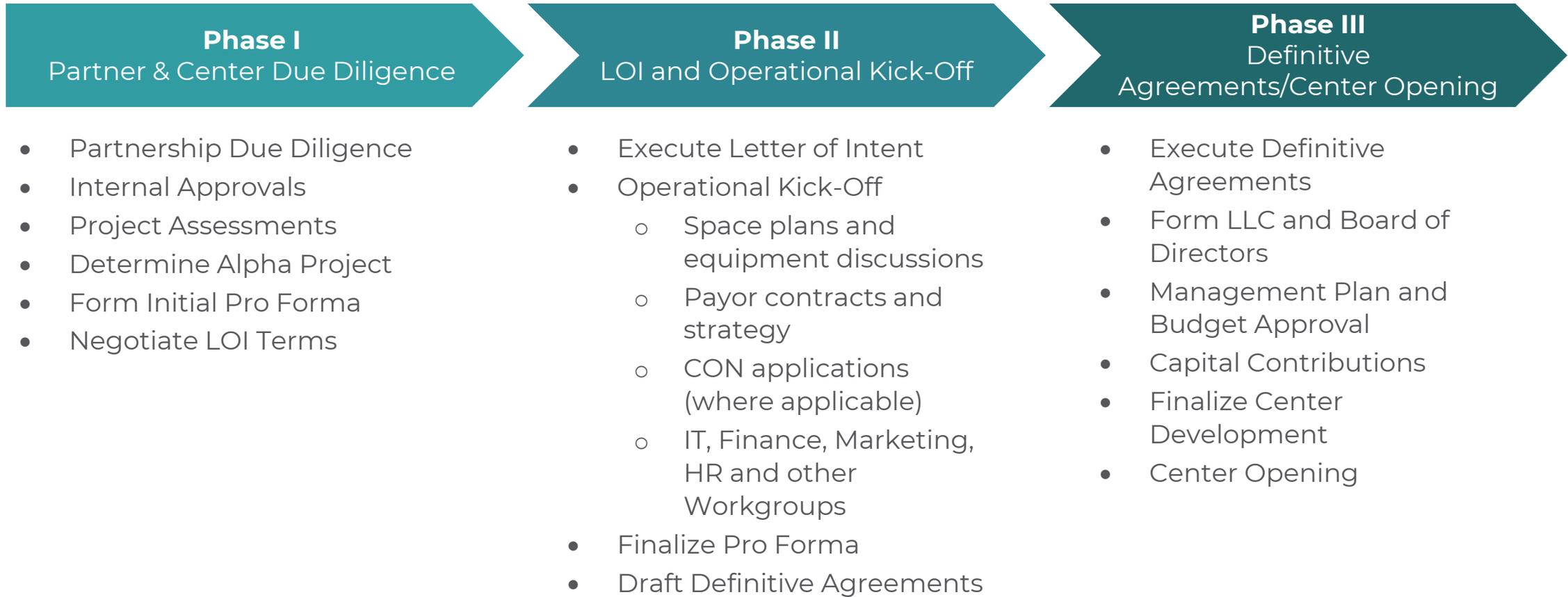
How It Works

- Partners' ownership interest, board composition, and participation in cash distributions are proportionate to their ownership.
- While also investing capital, OIA takes a minority position in this venture as we operate in support of our partner's strategic goals.
- Board approves annual management plan and budget.
- Management plan and budget becomes OIA's "marching orders" for the year.
 - OIA reports on center progress throughout the year with actual results being compared to budget.



The team will follow a phased approach to execute the JV

This approach is split into three phases:



The timing of this process is often based on JV partner resourcing and focus.