

**TRANSCRIPTION OF NOTES OF CONVERSATION
BETWEEN
GREG HYMAN
AND
XXX X. XXXX**

**RE: OPERATING VICE PRESIDENT
WITH
X, INC.**

Date

Given the fact that this search process involved companies with well-known, highly-publicized reputations, we have taken the precautionary measures to insure this candidate's confidentiality. As such, the following coding has been created to protect this candidate, while providing for a more readable redacted conversation.

Background:

Company A- A large, academic health system; the candidate's current employer.

Company B- A healthcare provider, specializing in occupational health, corporate health, consulting and clinical research; the candidate's former employer.

Company C- A physician management organization; the candidate's former employer.

Greg: "What is your current professional situation?"

XXX: "I am at a crossroads where I have to make some decisions about whether or not I want to continue working in a massive, non-profit bureaucracy. I have given a lot of thought to this over the last week. This is a \$3.5 billion company that operates like a mom-and-pop type organization. When you are at the highest levels of this organization, although you have a great deal of responsibility, you don't have a great deal of authority. On the other hand, they are extremely positive as it relates to people that have an entrepreneurial background and want to use that type of style in getting things done. In this organization, to get things done, you basically have to break a lot of rules—meaning

not necessarily going through all the proper channels to get something approved, but just getting things done quickly and moving things around.

“Also, if you are any good at what you do, they give you more than you could possibly accomplish, more tasks to do than anyone physically could ever do if they worked 180 hours a week. They dump a lot of things on you. At the end of the day, you can’t put a box around what you do and say, ‘I’m in charge of this. I have complete accountability and responsibility for making *this* happen.’ It is a little amorphous. I am allegedly the chief administrative officer for what is at this point, including inpatient, \$450 million worth of revenue, but it crosses over 50 different locations and six different corporations. To get things done, you have to take a political approach a lot of times.”

Greg: “Give me a 30,000-foot thumbnail sketch of your organization.”

XXX: “The office of the president is at the top reporting to the board of directors. There are four divisions. The hospital division owns 16 hospitals, the physician division employs and owns 3,000 physicians, the insurance division has the traditional commercial health plan, and Diversified Services is every possible ancillary service you can think of—rehab, mobile PET scanning, a clinical research company, et cetera. In my role, I cross over all four of those and I have responsibilities in every single one of those. That includes legal consolidation into the cancer centers, which is a subsidiary of *Company A* Health System, or through a management agreement where I actually have responsibility for managing the outpatient or inpatient oncology services at a particular location or running their mobile PET scanning program. It crosses over all lines. We are establishing a service line that is extremely exciting. The idea is to take anything cancer-related throughout the Health System and have it roll up managerially, functionally, and economically to one entity. But at the end of the day, you are not really in charge of anything.”

Greg: “So do you fit within one of those four divisions?”

XXX: “We have a business unit that is a subsidiary of the Health System, but we think of ourselves along four different major business lines. We cross over all four of them. We don’t necessarily neatly fit into anything.”

Greg: “Where do you end up reporting?”

XXX: “I report to the president of the cancer center and the cancer institute, and he reports to the CEO of the *Company A* Health System. It is really complicated. My goal is to uncomplicate my life a little bit and work in an organization where at the end of the day

it is reasonably clear what I am actually responsible for accomplishing. I can live with some certain vague lines on all that. I always have because I've worked in small startup corporations where you do everything. It's not a function of looking for less work. It is a function of looking for a little more definition."

Greg: "What are you responsible for?"

XXX: "I have operational and financial responsibility for 140 physicians that practice in about 50 locations that provide inpatient and outpatient services. It is primarily radiation, medical, and surgical oncologists. They are cancer centers that range anywhere from just radiation oncology to a combination of radiation and medical oncology."

Greg: "In other words, you're running your own physician practice management company within *Company A*."

XXX: "That is probably a good way to look at it."

Greg: "So you have 140 physicians and you are responsible for their financial performance."

XXX: "That is correct."

Greg: "Because their revenues ultimately roll up to the top line of this."

XXX: "Right. We've taken every cost center in the entire Health System that is cancer-related and we are either formally or informally rolling them up in a financial statement that shows how cancer services throughout the Health System are doing."

Greg: "When managing those 140 physicians and those 50-some freestanding locations, what do you do to impact performance? Is it back office operations? Is it influencing physician behavior? What are some of the things you do to manage those 140 physicians?"

XXX: "It is certainly those two things you mentioned. I am hands-on as it relates to revenue cycle. Revenue cycle is everything from coding and charge capture all the way through A/R follow-up. For example, I make sure charges are entered accurately and on a timely basis with some really stringent benchmarks. We insure that all charges are entered within 48 hours, at most, if they are on an outpatient basis. If it is an inpatient service, we can extend that a couple days. We have a group that focuses exclusively on making sure that things are coded accurately. As it relates to just getting the claims processed, that is mechanical, but it's insuring those things work. We do denial management and

we have a group that just focuses on denials and a group that focuses on A/R follow-up and that we squeeze every possible penny out including the contracting side.

“I am responsible for negotiating any of the carve-out contracts we have for oncology with payers in the area. That is the financial side. We do a zero-based budget here. I am very hands-on in that respect, also. I have managers that run the day-to-day operations of every one of our centers. We have 50 of them, so we have an operations manager for both the medical and radiation oncology side, and I have a controller for both the medical and the radiation oncology side.”

Greg: “What does your management team look like?”

XXX: “It is split into three areas—clinical research, and then operations that are built on two different business lines. One is medical oncology and one is radiation oncology. We have a medical director, an operations manager, and a controller for each one of those areas—clinical research, medical oncology, and radiation oncology.”

Greg: “So you have three direct reports?”

XXX: “The controllers report directly to me, too. Each of the controllers and each of the operations managers report to me. Then I have a clinical research coordinator who reports to me. We split billing out and I have a billing manager who reports directly to me, too. I have those five direct reports, and then we have a person that is responsible for new cancer development. We are building ten very large cancer centers, and I have one person that just does that. So that is six people.”

Greg: “Where have you been investing the biggest chunk of your time with regard to those six people over the last six or 12 months? What has been a real area of focus?”

XXX: “I have been focused on getting out of day-to-day operations so that we can actually formally integrate this cancer center concept so it is a real live entity. I have probably focused the majority of my energy on revenue cycle and the finance side. That is where I spend most of my time.”

Greg: “What have been your successes in that area?”

XXX: “If you take last year’s performance, we have increased revenue, based on no increase in volume, by \$3½ million this year, which will result in about \$8 million by the end of the year. That was for five months.”

Greg: “How did you do it?”

XXX: “Getting back down to details, and then cleaning up everything on the front end making sure it’s coded and entered appropriately. In addition to that, we replaced our entire physician management team and brought in a brand new group of physicians who were able to help us with adding on a few new modalities—which helped a little bit in terms of adding on revenue. There were things that our predecessors were doing that they just weren’t billing accurately for. It was mostly cleaning up errors and omissions, and speeding up the process.”

Greg: “Where does that physician management team fit in the grand scheme of things as far as your business is concerned? What are they there for and how do you get things done through them?”

XXX: “When we are doing something operational or financial in nature, it always has a clinical component to it, so the physicians are there to help us make sure that they provide us with whatever clinical help we need. In addition, I have always looked for physicians to work with who actually can manage other physicians. It is hard to find any that are any good at that, at least on their own. I haven’t found anybody that could actually manage a group of physicians without somebody from the business side being right there with them. I look for somebody that can work with me to manage physicians whether it requires getting a physician to take on a new responsibility or getting a physician to increase their productivity or whether we are trying to sell a new program that we’re implementing. I have worked with physicians for so long now that I have developed a good sense of where my expertise should end, where theirs should start, and vice versa, and how to work well with them in that capacity. I couldn’t tell by reading any of the documents that you sent me whether or not there is a physician counterpart to this role.”

Greg: “There certainly is a physician audience inherent in this job and it would specifically be the nephrologists who refer patients to the dialysis centers.”

XXX: “I am wondering if there is a medical director hierarchy of some sort in the company.”

Greg: “There is a medical director component to this. Talk about yourself as a mover of physicians if you have responsibility for 140 physicians, trying to lead them in particular directions to improve the performance of your business unit. You said you’ve done this for a lot of years. How do you do it? What is your approach?”

XXX: “I am brutally honest. You can’t do that day one. I don’t come in the door with the idea that physicians should be put on a pedestal. I come in the door and I get them really

comfortable with me as a person. I get to know them really well and I speak to them like I would speak to any other manager or any other type of business person and give them that kind of respect. I always defer to them on clinical issues, where appropriate, and establish a rapport with them. I have really never had a problem, once that's established, picking up the phone and saying, 'We need to do this,' 'We need to change that,' 'I need you to sell that,' and getting them to do it. I can't actually put a finger on anything more than stylistically what I have been successful doing. There is always a financial component. I don't think you can change anything without the physicians being motivated in some way to change their behavior. If things look like they are heading in the opposite direction, you have to help them be as efficient as possible to insure that it doesn't go in the other direction. That will only ever happen if they trust you."

Greg: "How do you earn that trust?"

XXX: "Establishing rapport very quickly. It is just stylistic. Maybe the best way to describe it is to give you an example of what I had to do here. *Company A* Cancer Centers has historically in this health system been considered somewhat of a renegade. Nobody trusted them as an organization because they thought they were just trying to grab anything cancer-related to their own benefit financially. Instead of *Company A* waving a wand and saying, 'Now all of this reports up to the *Company A* Cancer Centers,' the CEO of the Health System said to me and the director, 'You guys have to go out and get a few successes. It's the only way this is going to work.'

"What we decided to do—and I came up with this idea—was something that came upon us in the form of an opportunity. The department administrator for the radiation oncology department had decided to quit. Somehow I convinced a couple people to let them give me a shot at trying to convince the chairman of the department to name me as the department administrator. It was a job I had no interest in doing, but we felt that if we could prove that *Company A* Cancer Centers could run an academic and clinical department better than it had ever been run before that would be the way to lead things forward. So we did that.

"It has now become the poster child for how to redesign *Company A*'s entire academic plan and clinical plan, and how they would like to organize themselves. The only way I was able to do that was to walk in there and immediately start attending to the highest priorities of that physician, getting them done quickly, getting them done efficiently, and bringing more money in the door. That is where the revenue cycle came. There isn't an entity out there that is collecting every penny it possibly can collect. There are always opportunities to come in and improve financial performance under most circumstances, at least from a revenue cycle perspective. From a bottom line perspective, it may not

necessarily always result in that because it may be expensive. It is really just establishing trust. I came into this not knowing a thing about cancer. If you look at my background, I had spent zero time in oncology before I got involved in this. In this organization I'm considered the administrative guru in cancer and I have only been in it for two-and-a-half years."

Greg: "If you were commissioned to write the manual on how to run an efficient, profitable healthcare services business, what big topics would you want to cover?"

XXX: "Understand what drives physician behavior, understand revenue and where the market is going as it relates to reimbursement in that particular specialty (know it cold), and work harder than any of the employees who work for you. Most of that is stylistic."

Greg: "What have you learned over the years drives physician behavior, as a generalization?"

XXX: "Money. In this market, which has an academic piece to it, there is prestige, academic excellence, and awards. Out in the community, it is just making their life as easy as possible so they can see as many patients as possible."

Greg: "Do you find you communicate differently with physicians than you do with other people you deal with in your healthcare world?"

XXX: "Over time, I have changed that a bit. I used to communicate a little bit differently. Physicians, for the most part, all think that they are smarter than everybody else. If I can convince them that I actually know something more about business than they do (most every physician also thinks they are the best businessperson out there), I find that I can communicate with them the way I would communicate with anybody. They don't want to talk about clinical stuff with me. They want to talk about business. I try to be just a regular guy around physicians as much as possible."

Greg: "True or false—In order to influence physician behavior as it relates to clinical issues, one must be an MD or have a clinical background?"

XXX: "False. You just have to know how to ask them the questions to get them to think about it that way. For example, we were recruiting a physician this last week. More and more, I am trying to challenge myself to push back on physicians' desires to do things that actually make absolutely no financial sense, and try to get them to really think about whether or not the clinical implications for what they are doing outweigh the financial considerations. I have been working really hard at doing that around here the last two or three years. We were recruiting a physician and they wanted to bring somebody in who

could focus in on a specific sub-specialty for medical oncology. I started asking dozens of questions of the person that was doing the recruiting about other alternatives and other ways to do it, and we came up with a different way rather than recruiting this person. If you know how to ask the right questions you can get the right behavior. I don't think you can do it exclusively, though. At some point you could run up against a wall—and I know exactly when to retreat at that point and get more information.”

Greg: “Let’s switch gears and talk about the revenue side of things as it relates to your current position and your work over the past few years. What impact can you have on that? Do you deal with managed care? What are your sources of revenue?”

XXX: “We have a very unique payer mix. We have Medicare and we have Highmark. Highmark in oncology represents about 45 percent of our payer mix, and Medicare represents probably 40 percent of our payer mix, which leaves 15 percent. It’s a very unusual market with such a very dominant payer and such a large market.”

Greg: “Why is Medicare so high?”

XXX: “Cancer patients—they are just older. From a contracting perspective, in this area we are at the mercy of the payers. The only contracting opportunities we have here are with some of the smaller payers and that is fairly straightforward in terms of negotiating. We have a very high market share. Our market share in oncology is probably bordering on 50 to 55 percent. We are in the process now of just starting oncology carve-outs and trying to increase reimbursement based on those, and setting up packaged pricing for certain types of diagnoses. That is what we are doing on the payer side. As far as specifically impacting finance, I have already reviewed that with you. It’s really being extremely hands-on as related to making sure that everything is in place to insure that every penny is coming in the door.”

Greg: “I want to get your reaction to a phrase the X, Inc. people often use, —‘Relentless attention to detail.’ How does that translate in your world?”

XXX: “Every single day I expect a report that tells me what our days in A/R are, what our payments for that day are, and how they compare to last month’s, how they compare to a year before on that day of the month. For example, on the 15th of the month, how did it compare to the 15th of last month and how did it compare to the 15th of every month the previous 12 months in terms of payments and charges, days in A/R. Denial management—we have monthly meetings on that. I sit there for two hours and go through all the dials and figure out what we can do to change things. I am extremely

hands-on as it relates to making sure we get physicians credentialed in a timely manner so we are not sitting with a salary and no income for a period of time.

“On the drug side, in this business our biggest expense beyond staffing is drugs. I do the same every single day—I get a report that says month-to-date how much we have spent on drugs. I set up systems where every single day I get a flash report on what is really happening on a day-to-day basis, and from there comes a lot of different action—‘What’s up with this? Explain why this is happening.’ A lot of it is done through e-mail. We meet on a weekly basis and go through general issues but I am really day-to-day hands-on. I probably send and receive 300 to 400 e-mails a day—I’m not exaggerating. It’s ridiculous. I really don’t get surprised often.”

Greg: “How do you feel your performance is being perceived?”

XXX: “I am getting great feedback. I’m right to the top of the Health System here. We’re in an interesting crunch from a reimbursement perspective throughout the Health System right now. This is probably the only area in the Health System where we can point to an \$8 million increase in anything. For the most part, I am well respected. The one area that I’m a little paranoid about is that I am fairly direct and on occasion I get misperceived by those people that don’t know me well. The people that know me really well are never offended by my direct style. If I had to think of one area that I always have to continue to think about and, depending on who the person is, adjust a little bit, it’s how I might word something in an e-mail. If we didn’t have so much e-mail, I would probably be a little better perceived. I think that has actually hurt me a little bit in terms of my style.”

Greg: “How does that style impact your success as a manager?”

XXX: “I don’t know whether this is a good way to view the implications for that style, but I have never had anybody quit because they didn’t like my style, unless it was just that they felt they were over-worked. I’m demanding, but I don’t ever—*ever*—ask people to do something I haven’t already done or work a little harder. I don’t think anybody works as hard as I do—and I do that by design. I don’t have turnover. I have probably had two people in my career leave because they felt like I was too demanding. I’ve never had anybody leave for any other reason.”

Greg: “Why are you able to keep people? If you’re so demanding and such a taskmaster, why do they stay to work for you?”

XXX: “First, they never have to wonder where they stand. They never have to wonder what I am looking for. It’s not confusing to work with me. I am demanding but for the three minutes during the day where I might be with somebody, I always try to lighten it up a little bit. We laugh a lot, but I am very business-like. It depends on the level. With the people that report to me I am extremely business-like. I may be a little less business-like and try to have a little more fun with the people I report to or am a peer. I think people just like to work with people where they never have to wonder where they stand. If they know that your direct style is not meant to be personal and they can accept that, then I think it is the best of all possible worlds.”

Greg: “Is your environment one in which you have the platform to develop people?”

XXX: “Absolutely. Since I’ve been here, I’ve had one controller and one operations manager that have gone on to be department administrators or department controllers. So far, that is all that has really happened here. We are a growing organization, so within our organization they are growing. Anybody that’s in here has been promoted up through the ranks to controller, for example. They might have just started out as a director of finance and as we’ve built this organization, they have all come along with it. Within our organization, people have been promoted and certainly they have gone on and done other things within the Health System.”

Greg: “Is recruiting a significant part of your job on a year-to-year basis?”

XXX: “The physician recruiting is a huge part of what I do—and it always has been. I would love to figure out a way for it not to be. I hate it. I talk to them about what it is we’re trying to develop here with our service line. If you can communicate something that makes you unique, that is an incredible lure to bring somebody in, so I talk about how unique we are and what makes us different from anybody else. And I do my best to sell this city. I am actually a good poster child for that because it certainly wasn’t on my top list of 50 three years ago when I moved here but it has worked out well. I try to sell them on it and just pick things that are unique. I do a lot of listening. I try to find out what makes them tick and once I find something, I pick up on it and try to find things that interest them. From a systematic perspective, without knowing them reasonably well as they come in the door, it’s about listening to their needs and their interests and why they are looking and what they are comparing us to. Then it is about trying to really nail down why this is better than what they are interested in. That is the only way to go through it.”

Greg: “What do you like most about your job?”

XXX: “The concept of knowing that every quarter that has gone by since I’ve been here (we have a very quarter-to-quarter mentality from a corporate perspective) the four or five areas I consider our major benchmarks we have improved in. I also really like working with the operations people I have working with me right now. It’s probably the best group of people I have ever worked with because they are really committed to what they are trying to accomplish here. We have a group of people who are on the executive committee for the Cancer Centers. It is a group of about eight physicians and two administrators—and I am one of the administrators. I am having a lot of fun with those guys. They are really good guys, they don’t take life too seriously, they are very smart and have a good balance between their personal life and their professional life. Underlying all this is the frustration with not really being able to put our hands around what it is we are really responsible for here and I am not really sure where it’s going.”

Greg: “Who is the best person you have ever worked for and why?”

XXX: “First of all, I’ve never worked for the ideal person. The best would have to be the guy who was the CEO of *Company B*. He is a physician. He had some serious personal character flaws, but professionally he was a great guy to work with. He trusted me implicitly and I never had to wonder, when he was asking a question, if there was anything implied. He never had to wonder if there was any reason why he couldn’t trust me. There were no politics in our relationship. He was just a great guy. He was an incredibly strong physician, well respected in his field, but knew that I was more qualified on the business side. We got along great. He was probably the best. If you could take him and combine him with the boss I have now who has a very strong personal value system, that would be the best.”

Greg: “Have you had a favorite job to this point in your career?”

XXX: “When I was in the middle years of working at *Company B* when I had the dual responsibility for business development and operations, that was probably the best I had. I would spend 75 percent of my time making sure that the 20 or 30 locations we had were working well, and 25 percent of my time I was responsible for going out and developing new centers and partnerships with corporations to develop the new centers we had. That was probably the best job. That was when we were in the middle of growing from nine employees to almost a thousand. Over a six-year period, it was about the third year in.”

Greg: “Sketch out your current compensation package and how it is structured.”

XXX: “I make \$190,000 base, and I have a potential of 20 percent on top of that for bonus. It’s set up on criteria where I basically make it. Frankly, it is not difficult to achieve (at least in my mind). The benefit package here is good, but obviously there is nothing in the form of equity or stock options.”

Greg: “What would be the impact of a relocation to New York? What would that do to your personal situation? Are there any major obstacles there?”

XXX: “No. It’s closer to home. My wife and I are both from Albany, New York. The major obstacle would be the fact that my oldest daughter is in ninth grade now and we always said we wouldn’t move after ninth grade. That is an obstacle, but for the right opportunity we would do it. I am not taking it lightly, by the way. We have four kids. I can’t make another move. I have to do this fairly quickly. If I am going to make another move while my kids are in school, I can’t imagine making one after ninth grade. I don’t think I would do it to them.”

Greg: “One of the biggest obstacles to success and growth for any for-profit healthcare services company—particularly in the state of New York—are regulatory issues. To what extent have you dealt with those in your career?”

XXX: “I am not sure I completely appreciate the magnitude of that. I can tell you that when I was in New York and I worked for *Company C*, I had to go through the process of securing what was the first certificate of need for an ambulatory surgery center in the state of New York. It took us two years to do it and it was a constant process of writing and rewriting and filling out forms and going through all that. I have a fairly high tolerance for form filling-out and going through the process of going back and having to rewrite something because it didn’t quite fit or whatever. Here, there are actually no licensing procedures for cancer centers—but there are draft licensing procedures. Therefore, we have to organize our cancer centers in such a way that we can be sure that when these licenses come out that if they are not grand-fathered, they’ll fit—but there’s no actual criteria.”

Greg: “What did you learn in those years in New York about working the system? What are some of the things you have to be able to do and come up-to-speed quickly on in order to successfully navigate through a highly-regulated healthcare market?”

XXX: “We enlisted a lot of help from lobbyists in trying to get things pushed through quicker and fast-tracking things. Those lobbyists were typically with accounting firms. I worked very closely with Ernst & Young. They were helpful in fast-tracking through things with their connections. Finding the sources that can help you fast-track is the

number one key. Obviously, there is the political connection in there somewhere. I am not sure exactly, in the case of dialysis, what the situation is. I am not an authority on it at all. I don't know what the process is right now for getting a CON approved in New York State. I'm sure it is difficult and so is this. All I can say is I went through it. That is not to suggest that all of those skills would immediately transfer over. I would have to figure it out."

Greg: "I have a tendency in these interviews to focus on what you are doing in your current position, especially if you have been doing it for three or four years because I know that is most relevant. I don't want to ignore your jobs with *Company C* and *Company B*. Touch on the high points of those that you think would be of interest to the people at X, Inc. What are some of the things you would want to communicate about what you did in both those roles?"

XXX: "Let me make a general statement. We're talking about multi-site locations, about a growing enterprise, about entities where there is a changing reimbursement environment, about entities that you had to set up centralized capabilities and be able to be mobile to deal with off-site types of decentralized issues. You had to have people out there that you could trust at the site to handle the day-to-day things. And they've grown each time. The first time, at *Company C*, we grew it to about ten locations. At *Company B*, we grew it to about 30 locations. Here, we have grown it to about 50 locations. So I have had progressive responsibility in managing centrally a highly decentralized group of centers. You have to be able to develop all the MSO type services necessary to run this so that it runs efficiently. All those things apply, and I think they apply, based on what I have been able to gather on X, Inc., with one difference. That would be that this is a regional position. And I don't know if this makes a difference—there may be no difference—but I've always worked at the corporate office and had the responsibility for all of it, and in this case it's a regional responsibility. In practice that probably doesn't mean anything. It is probably the same type of setup."

Greg: "You seem to have a very high level of self-awareness, and you seem to be a healthcare industry veteran. On a scale of one to ten, one being, 'I'm not even close,' and ten being, 'I may be perfect for this,' where would you put yourself in relation to this position?"

XXX: "I don't know if this is the way to answer this question, but before I even told my wife I was going to look at this, I actually forwarded it to her and said, 'What do you think?' She read it and said, 'It defines you perfectly'—so I guess it's a ten. But I'll tell you what I loved about it the most—it was the few references in there to having fun. Somebody put some real thought into it. I think they wanted to portray a sense that this

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Date

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corporation and the people that work there have a good balance and perspective on life. It was really straightforward and didn't have a lot of flowery language."