

Intellis Health



Business Model

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About Intellis Health



Intellis Health, a Management Service Organization (MSO), has implemented a “Roll-up” plan to optimize the unique window of opportunity that currently exists within the New York City healthcare landscape.

By acquiring primary care practices to aggregate patients and leverage Intellis’ key resources within its infrastructure to boost revenues, we gain a strategic advantage to stand-alone practices.

Over a five-year period Intellis is projected to generate more than \$110 million dollars in revenue and more than \$20 million in profits.

Intellis Health is a wholly-owned subsidiary of Medcore Health Services.

Need to Find New Pic

Silos ?

Patient

Primary Care

Specialist



Fee-For-Service
Payment for
Volume

Value-Based Healthcare

Payment for
Results



Dr. Ken Kim
Medical Director, CIIM

- » Better Results
- » Better Care
- » Smarter Spending
- » Healthier Populations

<https://youtu.be/Yz4VO2s01cs>



Value-Based Healthcare: What Every Clinician Should Know

The Fundamental Shift to Value-Based Care

Video 1 of 3

Fee-For-Service
Health Insurers
Decide

Value-Based Healthcare

Patients & Providers
Decide



Fee-For-Service

- » Poor outcomes
- » Healthcare costs increase
- » Payments to provider reduced

Value-Based Payment

- » Improved outcomes
- » Payments to providers higher
- » Reinvest in primary care



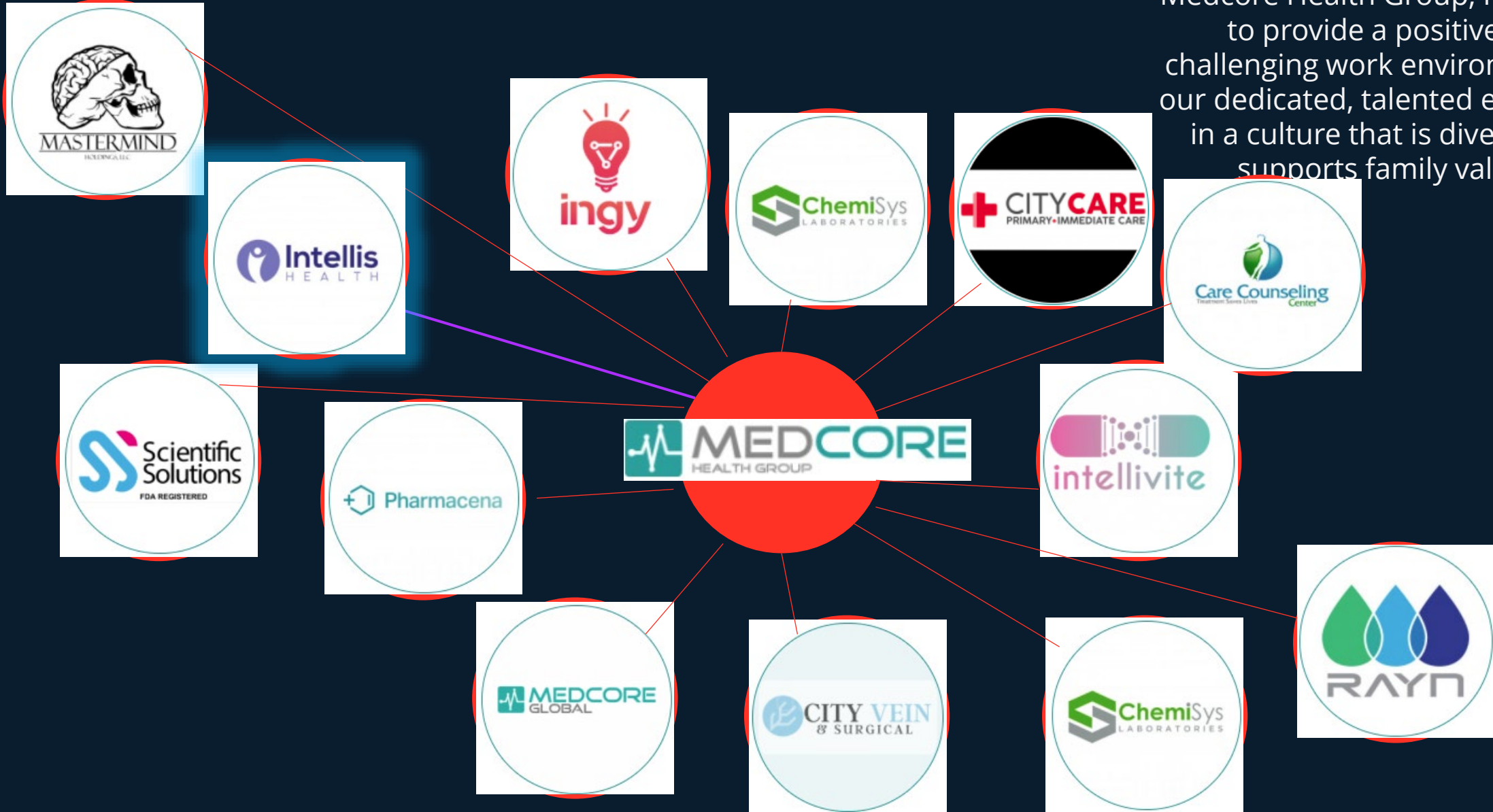
Reinvest *to Focus on*

- ☑ More time with patients
- ☑ Team-based care coordination
- ☑ Mental health
- ☑ Social determinants of health

Medcore – Parent Company of Intellis Health and 12 companies in health care

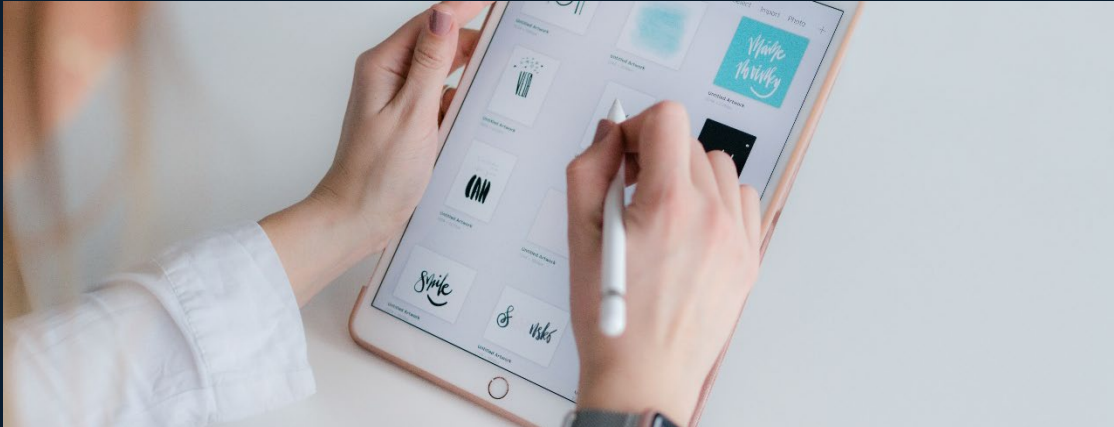


Medcore Health Group, Inc. strives to provide a positive and challenging work environment for our dedicated, talented employees in a culture that is diverse and supports family values.





Vision & Mission



Vision

- To earn and retain confidence and trust in the community
- Utilize the latest technology for effective care management
- Optimize federally defined care directives
- To continuously innovate
- To achieve member confidence and trust in all that we do



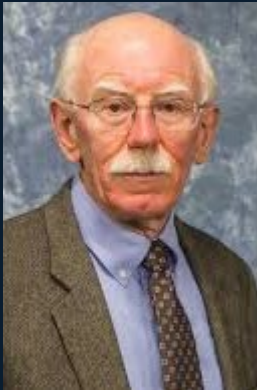
Mission

We are driven by our passion to deliver the best healthcare outcomes in the industry by optimizing quality measures and effectively managing healthcare spending. We are committed to continuous innovation and comprehensive member engagement to earn the satisfaction and trust of those we serve.

Market Opportunity



New York City is one of the largest healthcare markets in the U.S. with over \$1.8 billion in just VC Funding for healthcare companies in 2018 alone. But Primary Care practices are in a crisis as articulated in a 2019 blog by Dr. Schimpff:



MD
Medical Ctr
Author

...Why is it necessary to see so many patients per day? Insurers reimburse PCPs (Primary Care Providers) at low rates and do not appreciate the value of involved history taking, thorough examinations and the time spent learning and thinking. Insurers have also burdened the PCP with innumerable new requirements that add to the burden of 'feeding' the EHR and that further take time away from patients. Billing and coding have driven up office costs dramatically.

The result is that PCPs need to see more and more patients per day to cover their costs and maintain their incomes. Frankly, it is a non-sustainable business model. The result is that many PCPs are retiring early, others are selling their practices and working for the local hospital, while others are just keeping their heads down and getting burned out; over 50 percent have some objective evidence of burnout today, which negatively impacts not only doctors but their patients.

For those patients whose PCP follows the 24 -30 patients per day model, the result is less comprehensive care, more referrals to specialists, inadequate coordination of care, more tests, more ER visits and far less satisfaction....

Market Opportunity



- **Primary Care Physicians (PCPs) carry the burden of being the “gatekeepers” of the entire healthcare system**
- **PCPs are reimbursed at about the half the rate of Specialists**
- **The Federal Healthcare Agency, Centers for Medicare and Medicaid Services (CMS) has billions of incentive dollars that are not distributed because PCPs do not have the systems in place to meet the criteria**

Background



The Affordable Care Act created an environment of healthcare reform. Through this health care reform legislation, the federal government and Medicare have promoted patient-centered healthcare, where providers are truly accountable for the care of their patients.

This change has also created a drive among health insurance companies to change provider compensation from the old Fee-For-Service payment system, to a “Value Based Payment” methodology. Ultimately, “Value Based Payments” will require providers to be accountable for their patients’ care through the acceptance of the insurance risk for the utilization of services. This means that physicians can make significantly more money if they manage the health of each patient efficiently and with productive outcomes.

Though most physicians in the New York City have not fully adopted the new Value-Based methodology in their practices, New York State is pushing all health plans to have 80% or more of their provider contracts in “value-based” contracts, which would include either shared savings contracts or risk contracts, which are essentially profit-sharing contracts with the insurance companies.

To take advantage of the health plan’s interest in passing risk to providers and since insurance is one of the most profitable businesses around, we have identified an opportunity to build a large primary care practice (PCP) group, for member attribution and to share in the enormous profit potential leveraging the funds at the insurance company level.

Management



Faruk Khwaja

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Adil Palwala

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Roll-up Opportunities

Opportunities



Primary Care Practice Roll-up

Because member (covered lives) attribution is done by Primary Care Provider (PCP) selection, we will continue to acquire PCP practices.

This not only increases our membership in health plans but allows us to bring those patients under our global risk contracts to benefit from the programs we have created to reduce cost and utilization and increase the quality of care to patients. This will serve to be our growth feeder for “covered lives.”

Roll-up Strategy

Roll-up Strategy Benefits



100 Practice



100 practices

- Capture significant market share in NYC
- Manage over 100,000 covered lives
- Exert leverage for enhanced payer contracts
- Qualify for special government contracts
- Leverage significant Risk Contract revenues
- Drive referrals for lucrative office-based procedures
- Optimize diagnostic testing revenues
- Bulk supply purchasing savings
- Receive new patient referrals direct from payers
- Share high-end specialists

Strategic Advantage

Intellis' Optimization System

By negotiating favorable Global Risk or Shared Savings Contracts, we can essentially profit share with the insurance companies

Working with our network of medical offices, we can align ourselves with the insurance company to increase profits through a systematic and technical process administered by our trained clinical support team. At a very basic level, we increase revenues and decrease expenses for the Insurance company. How that is done is a somewhat technical and involves a basic knowledge of how an insurance company is paid by CMS.

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Intellis' Optimization System



An example of Intellis' Optimization System by using a \$1,000 Per Medicare-Member Per Month (PMPM) premium.

	Standard	Optimized
Premium	\$1,000 PMPM	\$1,100 PMPM
MLR (typically 85%)	-\$850	-\$750
Administrative Expenses	-\$50	0
Profit	\$100 PMPM	\$200 PMPM

Considering that the Risk Contract is a 50% share for all savings due to optimization, then Intellis will be paid \$100 PMPM ($\$200/2$) for all CMS-Medicare lives. If the Intellis network has 10,000 CMS-Medicare lives then Intellis will be paid \$2,000,000 per month for this population. The same calculations can be made for all of the different types of lives under our management with adjustments for premium and MLR.



5 YEARS

Financial Analysis and Projections



Condensed, Consolidated *pro forma* Statement of Operations

Statement of Operations					
Ordinary Income/Expense	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
Practices Acquired	12	32	52	72	92
		-	-	-	-
Plan Revenue	1,736,440	12,957,635	28,541,794	39,006,274	49,470,754
AMT Consulting Revenue	3,416,831	14,960,128	34,320,293	47,520,406	60,720,519
Total Income	5,153,271	27,917,762	62,862,087	86,526,680	110,191,272
Cost of Services	-	-	-	-	-
AMT Expenses	1,964,675	11,721,178	26,289,413	36,400,726	46,512,039
Coding	214,554	394,875	599,747	809,741	1,024,984
Total COGS	2,179,228	12,116,053	26,889,160	37,210,467	47,537,023
Gross Profit	2,974,042	15,801,710	35,972,927	49,316,213	62,654,250
Expense	-	-	-	-	-
salaries	1,045,000	5,661,271	12,747,415	17,546,212	22,345,009
Rent	72,000	96,000	120,000	120,000	120,000
Total Expense	1,117,000	5,757,271	12,867,415	17,666,212	22,465,009
Net Ordinary Income	1,857,042	10,044,439	23,105,512	31,650,001	40,189,241
Net Income	1,857,042	10,044,439	23,105,512	31,650,001	40,189,241
After Distribution	36.0%	36.0%	36.8%	36.6%	36.5%
Doctors	578,813	4,319,212	9,513,931	13,002,091	16,490,251
per practice per month	16,078	16,361	18,877	17,476	16,758



Practice Performance Assumptions

Key Data Elements

Following key data elements have been assumed and would be used in calculating the yearly projections

New Customer by Referral

Number of Members

3,000



Percentage of
Revenue
EBDITA
12%

Multiple for
Purchase
5.5

Public Company
Multiple
14

Purchase
Percentage
80%

Monthly Revenue
BY Location

\$ 75,000



Medicaid Plan
Premium

\$ 350



IPA Percentage of
Premium

87%

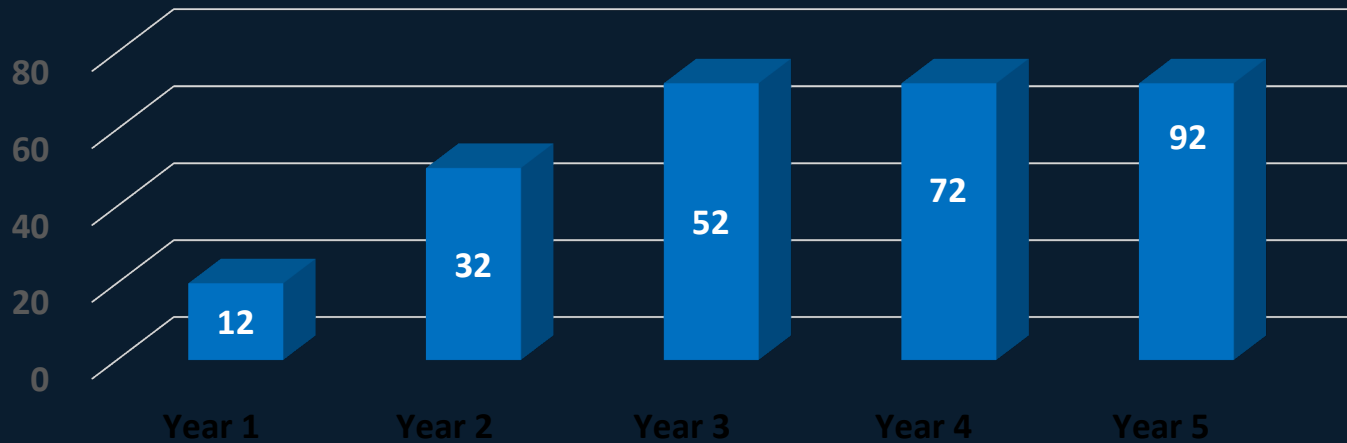


MLR From Plan
Premium

83%

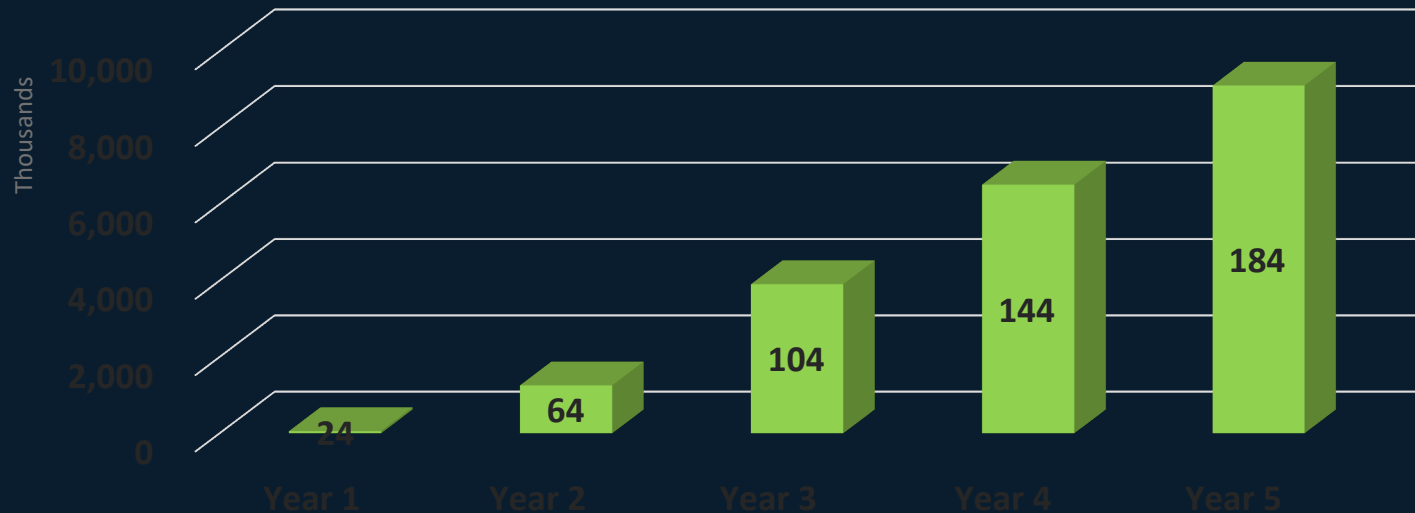


Planned PCPs Acquisition and Memberships



92

Private Care Practices to be
Acquired in 5 Years



~200,000

Memberships in 5 Years

Summary & Financial Analysis and Projections



Summary

Private Sale

Total Investment:	12,000,000
Practices Total Annual Income:	40,189,000
Private Multiple:	5.5
Terminal Valuation	221,039,500

148.46%

Annual ROI Practices

587.95%

Annual ROI Total

Annual ROI Total

Sources & Uses

Use of Funds



The bulk of the funds will be used to acquire the practices and integrate the systems and workflow into the Intellis framework.

Practice Acquisition (20)	\$10,000,000
CEO	\$100,000
COO	\$100,000
CFO	\$180,000
VP Practice Management	\$150,000
Practice Manager	\$120,000
Practice Manager	\$95,000
Director HR	\$65,000
HR Staff	\$45,000
IT Contractor	\$4,500
Director IT	\$100,000
IT Staff	\$65,000
Rent	\$6,000
Technology upgrades	\$75,000
Operating Capital	\$1,200,000
Total	\$12,205,000

Circumstances of the Transaction

Circumstances of the Transaction



KEY DETAILS

- \$15,000,000 offering size/\$1,000,000 break escrow
- **Term of Offering:** December 31, 2021
- **Extension Period:** March 31, 2022
- **Bonus Return:** 8% Preferred Bonus return to 1\$ million investors and any size investment in first \$1 million
- **Preferred return:** 7% annual preferred returns on invested capital. Accrued, but not compounding and not guaranteed. Preferred returns will be paid at liquidation from available cash flow, if any.
- **Liquidation priority:** Class A Members will receive 100% return of their investment capital plus a 7% preferred return. Thereafter, Class A Members will receive 50% of the liquidation proceeds and Managers 50%.

In Conclusion



Considering the current dynamics of the healthcare landscape and its specific challenges and opportunities, Intellis Health is seeking to acquire 100 practices in the next 3-5 years in the NYC market comprising of the boroughs of Manhattan, Queens, Bronx and Brooklyn. Intellis will target profitable practices that house a substantial number of covered lives. Once the practices are integrated into the main group, Intellis will then initiate a unique set of optimization systems and methodologies to increase revenues and profits of each office and for the company in total.

In acquiring 100 practices, Intellis stands to become a major force in the excessively fragmented New York City market and earn a valuation of close to \$500 million just for the covered lives that are under management. But accounting for the optimization measures and the additional Risk/ Shared Savings revenue, Intellis stands to be valued at about \$1 billion.



Contact



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Thank You

This investment is Sharia Compliant

You can also call Tango

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