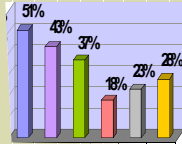




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# TRANSPLANT MANAGEMENT GROUP, LLC

## Specialists in the Business of Transplant Management

### OVERVIEW

*Transplant Management Group, LLC (TMG) was founded with the express purpose of providing state-of-the-art consulting services to Transplant Centers. TMG provides one of the most comprehensive packages of services integral to transplant business management today.*

#### Services include, but are not limited to:

- Medicare Organ Acquisition Cost Center Review
- Transplant Organizational Effectiveness Assessment
- Regulatory Compliance Review and Assessment
- Transplant Business Planning
- Managed-Care, Commercial Contract, and Payment Review
- Transplant Personnel Recruitment Services
- "The Practice of Transplant Administration" Annual Workshop

### STRENGTHS

**TMG Consultants provide a real-world, hands-on experience in transplantation** that is so vital in completing a thorough evaluation of a transplant program. Our consultants are transplant business veterans. So we understand what you're facing and what you need. We've been there. Cumulatively, we have over 150 years of experience in transplantation and are knowledgeable in the whole continuum of transplant business management, including transplant operations, Medicare cost reports, managed-care contracting and reimbursement, revenue and billing cycles, clinical resource management, pharmacoeconomics, clinical and organizational effectiveness, continuous quality improvement and regulatory compliance.

### GOALS

**TMG is committed to leveraging its strengths to help its clients** become more effective and gain a competitive edge by enhancing transplant organizational performance and effectiveness.

TMG's services are provided with

an emphasis on quality and collaboration to meet the unique needs of each of its clients with a focus to ensure long-term success.



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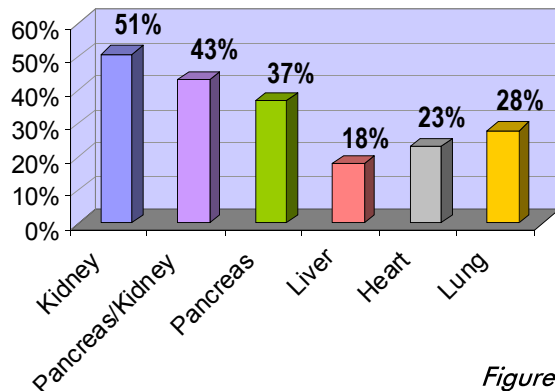
*One of the critical issues for Transplant Programs today is in the area of capturing all appropriate revenue and reimbursement. Medicare Acquisition Cost Centers are extremely beneficial to the financial viability and profitability of any Medicare-approved program.*



**To build a profitable program** and compete in today's marketplace, a Transplant Program must account for all allowable direct and indirect expenses to the appropriate Medicare Acquisition Cost Center. In spite of the healthcare market movement to managed care, Medicare continues to be the predominant payor for Kidney Transplant at 51% nationally (*Figure 1*). In addition, a multi-organ Transplant Program could have as much as 40% of their total annual reimbursement coming from a single payor - Medicare.

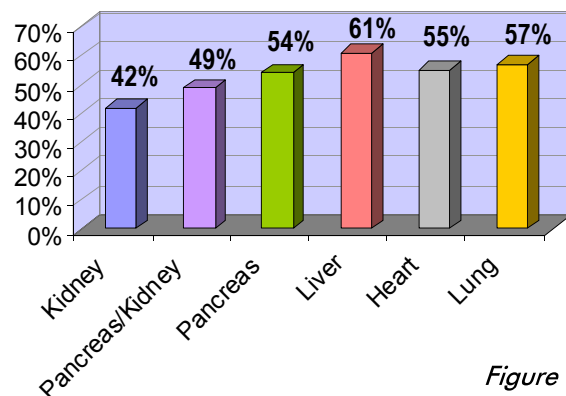
With the advent of more and more commercial insurance payors reimbursing for transplantation (*Figure 2*) and the numerous payment methodologies, the revenue management of multiple transplant commercial payors becomes problematic. Significant commercial revenue for transplant can be under-billed, costing the institution substantial dollars. Additionally, contractual terms can place a transplant center at financial risk.

**Percentage of Transplants Paid by Medicare as Primary Source of Payment - 2006**



*Figure 1*

**Percentage of Transplants Paid by Managed Care/Commercial Payors as Primary Source of Payment - 2006**



*Figure 2*

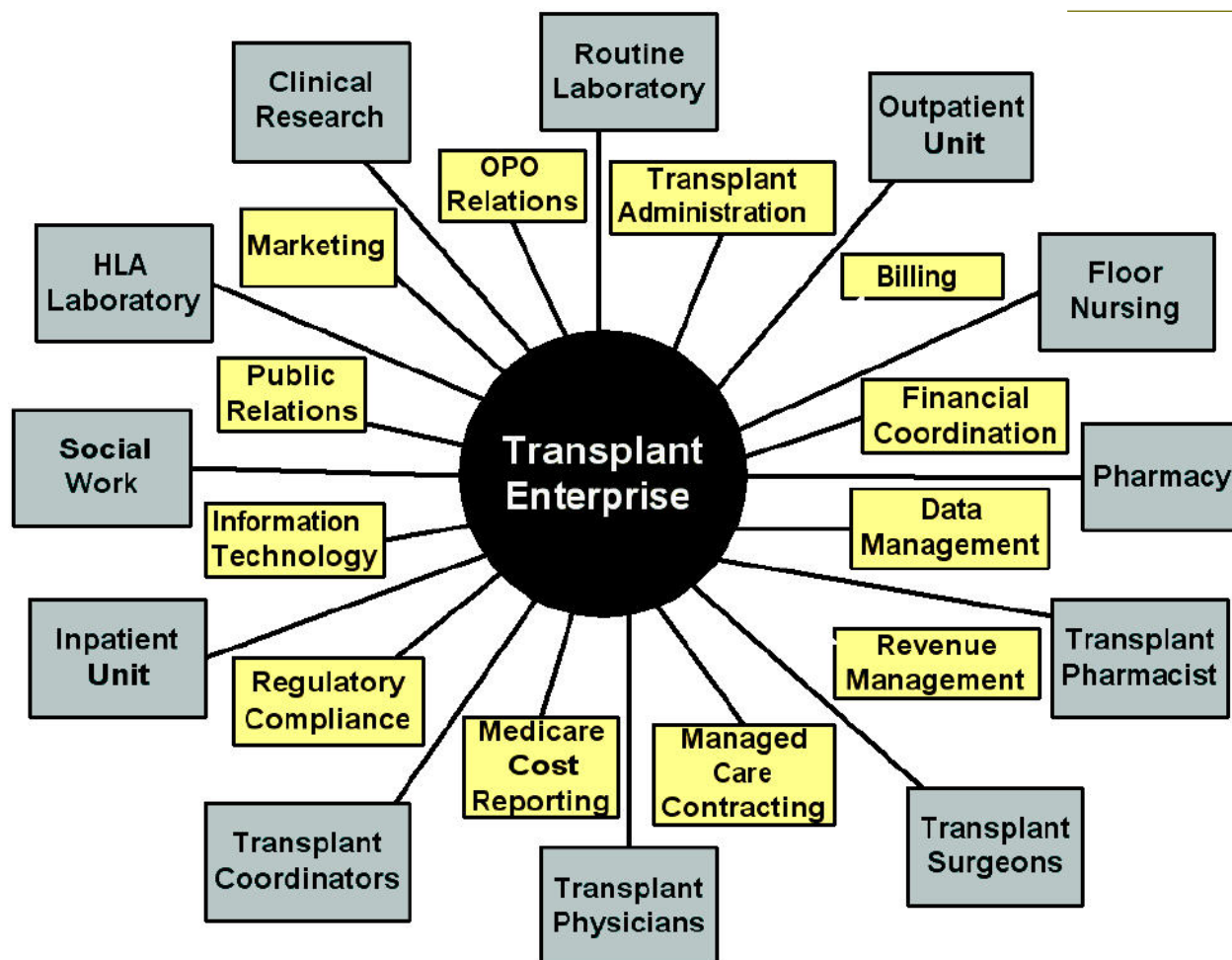


Figure 3

**Optimizing the Medicare cost reporting** for all allowable expenses to the multiple Medicare acquisition cost reports, maximizing commercial payor reimbursement, and managing contractual language and payment methodologies is half of the equation.

Cost of transplantation is the other half of the equation. Managing costs of transplantation, while maintaining or enhancing clinical outcomes, is critical in transplant programs in order to grow a profitable bottom-line.

The Transplant Clinical and Business Multidisciplinary Enterprise (*Figure 3*) is complex with integration that must occur between the clinical and business functions throughout the continuum of patient care. This integration can become problematic in small and large healthcare systems if appropriate organizational structure and clinical and financial processes are not in place.

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## Professional Services

### Medicare Organ Acquisition Cost Center

Medicare Organ Acquisition Cost Centers are crucial to the financial viability of any Medicare-approved Transplant Program. To build a profitable program and compete in today's marketplace, a Transplant Program must account for all allowable direct and indirect expenses to the appropriate Medicare Organ Acquisition Cost Center(s).

Medicare Organ Acquisition Cost Center Analysis and Plan typically include the following:

- Personnel Expense Review
- Other Direct Expense Review
- Operational and Functional Program Review
- Review Indirect Cost Allocation Methodology
- Analysis of Transplant Recipient and Donor Services
- Identify Potential Cost Reporting Compliance Issues
- Completed Model of New Medicare Organ Acquisition Cost Report(s)
- Comprehensive Report of All Findings and Recommendations



### Transplant Organizational Effectiveness Assessment

To be successful at any change or improvement effort, it is critical to have a clear understanding of the existing circumstances. TMG's Comprehensive Assessment Process provides a complete picture of your Transplant Organization.

Our data-gathering process will provide you with specific information about your Transplant Organization. A comprehensive report outlining organizational issues, including strengths and improvement areas will be provided, as well as, specific recommendations for managing organizational effectiveness and improvement.



A comprehensive assessment typically includes the following:

- Evaluation of the Transplant Revenue Streams
- Evaluation of the Transplant Organization's Profitability
- Evaluation of the Organizational Structure
- Evaluation of Transplant Market Share
- Evaluation of the Competitive Forces Impacting Your Transplant Organization
- Benchmarking of Financial Performance
- Benchmarking of Organ Procurement Activity
- Evaluation for Regulatory Compliance

## Regulatory Agency Compliance Review and Assessment

The national organization of transplant and organ procurement is a complex structure of government oversight and mandatory data reporting. A growing number of demands are being placed on transplant programs and hospitals to assure compliance with an increasing array of regulations, which will continue to escalate, based on the current transplant environment. It is critically important to realize that in the UNOS/OPTN membership structure, the Hospital is the member and is the ultimate responsible entity. This should be of the utmost importance to any CEO, Transplant Administrator and Physician Director in a transplant hospital.

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Regulatory compliance is crucial in sustaining a transplant program as evidenced by the transplant programs that have been inactivated or closed. Additionally UNOS/OPTN sanctions of "Member Not In Good Standing" and "Public Probation" can have a devastating impact on transplant programs through the loss of managed care contracts and other payors. UNOS/OPTN has increased its oversight of transplant programs through more rigorous audit processes. Transplant programs can expect a UNOS/OPTN onsite audit every three years.



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The CMS Conditions of Participation (CoP) for transplant were published March 30, 2007 in the Federal Register. All CMS previously approved transplant programs must recertify by meeting the CoP for transplant programs published in the Federal Register. Thereafter, the transplant programs must be recertified every three years. In addition, the Joint Commission (JCAHO) has established certification for Cardiac Ventricular Assist Devices and has proposed hospital guidelines for transplant programs, which will encompass the CMS proposed regulations for transplant programs and other additional measures.

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To assist transplant programs in transplant regulatory compliance management, Transplant Management Group has developed a specialized focus in this area that includes, but is not limited to, the following:

- CMS Regulatory Review for renal and extra-renal transplant programs
- UNOS/OPTN Regulatory Management review of membership criteria, policy compliance, critical benchmarks, data reporting compliance, and quality improvement planning
- Preparation to meet JCAHO Cardiac Ventricular Assist Device (VAD) certification and proposed Transplant Program Criteria

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## Transplant Business Planning

Business Planning is a critical process in the ongoing growth and development of Transplant Programs. Numerous internal and external environmental issues in health care can have a profound impact on a Transplant Program.

Business Planning Services may be focused on a particular aspect of the Transplant Program(s) such as:

- Feasibility Study for Starting a Transplant Program
- Clinical and Economic Effectiveness Assessment
- Transplant Program Expansion
- Revenue Management
- Cost Reduction Strategies
- Increased Market Share
- Managed-Care Contracting
- Marketing Analysis and Planning



## Managed-Care, Commercial Contract, and Payment Review

Transplant programs can have a portfolio of managed-care and commercial contracts that assure patient volume. However, unless the business and financial infrastructure is in place to operationalize these contracts, the potential to not capture all the revenue that is contractually allowable is significant.

A Managed-Care, Commercial Contract, and Payment Review will typically include, but is not limited to the following:

- Review and Evaluate Administrative Requirements
- Review the Medical Review Process including Denial/Appeal Structure
- Review Authorization/Notification Requirements
- Review Global Adjudication Language
- Review Selected "Global and Facility" Accounts for Payment Accuracy
- Review "Carve-Out" Requirements
- Review Reimbursement Structure Against Local/National Reimbursement
- Review Prompt Pay Time Frames and Penalties
- Review Adjudication Documentation



## Transplant Personnel Recruitment

Transplant Management Group, LLC, was established to provide outstanding consulting services to the transplant community. In 2002, TMG established a search practice to expand our leadership services in transplant. At one time, transplant programs rarely used executive search firms. Today, TMG Search undertakes and completes nationwide searches for Transplant Centers, Organ Procurement Organizations and academic medical centers. Our search consultancy recruits transplant administrators, executive directors, administrative and clinical personnel and transplant physicians and surgeons.

Transplant Management Group Search consultants are seasoned executive search leaders with extensive experience in health care personnel recruitment. TMG consultants are active in the transplant management community and their experience provides a unique insight to the Transplant Management Group Search process.

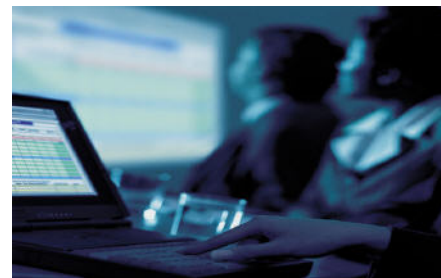


The mission of Transplant Management Group Search is to provide outstanding personnel recruitment search services to the field of transplantation and organ procurement. To that end, our consultants work closely with clients to identify their specific needs and preferences in order to recruit candidates suited to the present and future structure of the client organization.

## “The Practice of Transplant Administration” Annual Workshop

TMG has held an annual fall workshop on "The Practice of Transplant Administration" since 1995. Hospital Administrators, Transplant Administrators, Transplant Physicians and Surgeons, Supervisors and Managers, Transplant Coordinators, Transplant Pharmacists, Hospital Reimbursement Managers, Hospital Managed-Care Contracting Professionals and Financial Counselors/Coordinators from over 150 transplant centers in the country have attended. Our exclusive and highly interactive workshop content is always timely, real-world and offers down-to-earth hard hitting tips and strategies. The two-day workshop focuses on the nuts and bolts of managing the business of transplantation. Subject areas typically include but are not limited to:

- Medicare Acquisition Cost Center Management
- Regulatory Compliance
- Business Strategies in Managed-Care Contracting
- Clinical Resource Management
- Determining Transplant Program Profitability
- Transplant Cost Effectiveness



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Middle Row Left to Right:

Brigitte Reeb, Mary Cunanan, Tracy Giacom, Christine Marshall, Frank Greaney

Top Row Left to Right:

Art Thomson, John Rogers, Barry Marshall

Not Pictured:

Oliver Banks, Robert Howey, Colleen Wilson

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