

# PHYSICIANS-OWNED CIRCLES FOR INDEPENDENT PRACTICES

September 30, 2024

---

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>2</b>
<b>THE INDEPENDENT MEDICAL PRACTICE.....</b>	<b>2</b>
<b>THE NON-MONETIZED VALUE OF REAL-WORLD DATASETS .....</b>	<b>2</b>
THE BUSINESS REALITY OF INDEPENDENT PRACTICES.....	2
MONETIZING REAL-WORLD DATASETS .....	3
PHYSICIANS-OWNED CIRCLES .....	3
<b>HOW DO PHYSICIAN-OWNED CIRCLES WORK? .....</b>	<b>3</b>
END-POINTS – ONLY THE RIGHT QUESTIONS.....	3
MINIMAL CLINICAL BURDEN, MINIMAL COST .....	4
BENEFITS OF PHYSICIAN OWNERSHIP .....	4
<i>Dataset Monetization</i> .....	4
<i>Consulting Fees</i> .....	4
<i>Collaboration</i> .....	4
<i>Publication</i> .....	4
<i>Legal/Regulatory</i> .....	5
<i>Patient Engagement</i> .....	5
<i>RegenMed As A Partner</i> .....	5
<b>GETTING STARTED.....</b>	<b>5</b>
PHYSICIAN-OWNED CIRCLE LIBRARY.....	5
PRINCIPAL INVESTIGATOR .....	5
CORE SUB-INVESTIGATORS .....	6
VALUE-GENERATION .....	6
ILLUSTRATIVE FINANCIAL IMPACT OF PHYSICIANS-OWNED CIRCLES .....	6
<b>APPENDICES .....</b>	<b>7</b>
ILLUSTRATIVE PRACTICE PROFIT AND LOSS STATEMENT .....	7
ILLUSTRATIVE PRACTICE BALANCE SHEET .....	8

## EXECUTIVE SUMMARY

Independent medical practices can materially improve their recurring revenues and equity value through the development and monetization of high-quality real-world datasets. RegenMed's Physicians-Owned Circles (POCs) provide an integrated, low-cost, and minimally burdensome way to do so.

Independent practitioners are often at the forefront of medical advances. As such, their real-world data – if properly aggregated – is valuable for product manufacturers, distributors, payers, self-insured employers, research groups and AI healthcare learning models.

POC Members own 75% of all license and other transaction value generated by their real-world datasets. A Principal Investigator owns 10%. RegenMed owns the remaining 15%.

## THE INDEPENDENT MEDICAL PRACTICE

In principle, most physicians prefer to own and operate their own practices. They can choose their patient panels, engage with and treat those patients according to their best clinical judgment, set their own hours, earn more, and be their own bosses.

The reality however is challenging. Physicians are trained in medicine, not business. Payers, product vendors, and malpractice insurers favor hospitals. Independent practices, even the larger ASCs and groups, are in a weak bargaining position. Most patients are reluctant to pay out-of-pocket. Independent practices are often one uncovered claim, one large rent increase, one partnership dispute away from closing.

Meaningful professional collaboration with peers is also difficult for independent practitioners. In contrast, hospital employed physicians have the benefit of M&M meetings, mentors, professional colleagues, research departments, training, formalized educational opportunities, and administrative support.

The result is that each year more doctors become corporate employees – whether for hospital groups, insurance companies, private equity-controlled groups, or other organizations. This is a major loss for patients, the advance of medicine, and the clinicians themselves.

## THE NON-MONETIZED VALUE OF REAL-WORLD DATASETS

### The Business Reality of Independent Practices

The profit and loss statement for an independent medical practice typically shows a single

revenue line – patient fees. (Other revenue lines – sales of nutraceuticals, etc. – are rarely meaningful.) Even worse, the balance sheet typically shows no equity. Once the physician partners leave, there is no value to a “business” often representing decades of work.

This is a fundamental paradox, since each practice creates -- *but does not capture* -- large amounts of one of medicine’s most valuable assets – real-world data. Product manufacturers, payers, employer groups, research organizations will all pay substantial amounts for that data.

Real world datasets represent important new revenue lines and genuine practice equity for the independent practitioner. Moreover, the value of such datasets increases over time – more cases (a higher n-value), longer term outcomes capture, and more “serendipitous” correlations.

### Monetizing Real-World Datasets

Like any clinical study dataset, real-world datasets are valuable only to the extent they are well structured, clinically and statistically significant, validatable, and free of bias. (These characteristics are typically represented by Good Clinical Practice and, in the United States, 21 CFR Part 11.)

A common monetization model for such datasets is licensing; other models include study fees, honoraria, royalties, product-discounts, reimbursement, and higher fees for service. Importantly, a single dataset can be monetized through several models, and over many time periods.

### Physicians-Owned Circles

RegenMed’s Physicians-Owned Circles provide independent practitioners with an integrated, minimally burdensome and low-cost solution to monetize the substantial value inherent their real-world datasets.

## HOW DO PHYSICIAN-OWNED CIRCLES WORK?

### End-Points – Only The Right Questions

RegenMed regularly publishes POC study protocols focusing on specific anatomical regions, pathologies, treatment protocols, and standardized assessment scores. (A medical practice can also request a study protocol to accommodate its specific patient panel.)

Each POC study protocol is designed to develop statistically significant datasets of value to product manufacturers, payers, self-insured employer groups, and other licensees.

### **Minimal Clinical Burden, Minimal Cost**

RegenMed's patented technical platform and processes ensure minimal burden on the practitioner and his staff. Typically, fewer than sixty seconds per case. The cost is only \$5 per Case and \$35 per month, and can be cancelled at any time. This means virtually no risk for the practitioner.

### **Benefits of Physician Ownership**

Members of a POC jointly own 85% of the resulting aggregated datasets, and 75% of the value generated at any time from those datasets through license fees, royalties and similar payments. Each individual POC Member shares in that 75% in direct proportion to the data she contributes to the monetized dataset, and the Principal Investigator receives an additional 10%.

Each POC Member receives immediate and ongoing value from engaging in one or more POCs:

#### **Dataset Monetization**

Within six months – and a monthly cost per Member of as low as \$85 for each POC – each POC Member can own a statistically and clinically significant dataset with meaningful and growing value to a variety of healthcare constituencies.

#### **Consulting Fees**

Participating in a POC identifies each Member as an influencer among his peers and patients. By pursuing publication and speaking opportunities, most practitioners can develop honoraria and consulting fees.

#### **Collaboration**

Each POC Member is participating in a statistically significant clinical study. Through regular aggregated data reports, commentary and Circle Hours, RegenMed makes that collaboration actionable for all Members.

#### **Publication**

A POC dataset, buttressed by the collaboration among its Members, is the foundation of

journal articles, conference presentations, social media posts and other publication opportunities.

### Legal/Regulatory

Independent practitioners are often at the forefront of medical therapies. Validatable and statistically significant real-world datasets – especially those developed in collaboration with other respected clinicians -- are important for early identification of potential adverse effects, lower insurance premiums, defense of marketing claims, and addressing FDA and state regulatory inquiries.

### Patient Engagement

Participating in clinical studies directly relevant to a patient's indication – and involving them in that study – is a powerful form of patient engagement. It helps attract new patients and retaining existing ones. It can lead to new evidence-based treatment protocols, as well as higher practice margins.

### RegenMed As A Partner

Throughout the POC process, RegenMed acts as a business partner in maximizing the value of POC datasets. Especially given the low Case and monthly Subscription charges, RegenMed is strongly incentivized to achieve meaningful and sustained monetization for all POC Members.

## GETTING STARTED

### Physician-Owned Circle Library

Visit RegenMed's growing POC Library to find one or more POCs relevant to your practice. Filter according to anatomical region, pathology, treatment type and/or outcomes measure. For any POC you wish to join, complete and submit the provided short form.

### Principal Investigator

Each POC has at least one Principal Investigator, who works closely with RegenMed in finalizing the study protocol and qualifying POC Members. Principal Investigators receive an additional share of dataset monetization. If you are interested in becoming a Principal Investigator for a particular POC, whether or not one already exists, please contact us.

### Core Sub-Investigators

Each POC starts with about ten Investigators, who are committed to developing a monetizable dataset over a minimum of six months. (The longer the dataset is developed, the more valuable it becomes.) From that core group of investigators, the POC is able to expand quickly, subject to new Member approval by the Principal Investigator and RegenMed.

### Value-Generation

From the formation of a POC, and continually thereafter, RegenMed works to develop monetization opportunities. It also reports regularly to Members on the growth and quality of their POC dataset, as well as on significant monetization developments.

### Illustrative Financial Impact Of Physicians-Owned Circles

The Appendices provide a *pro-forma* Profit and Loss Statement and a *pro-forma* Balance Sheet for an illustrative medical practice reflecting hypothetical near-term and longer-term financial benefits of participating in Physicians-Owned Circles. Actual results will of course depend on many variables.

---

**APPENDICES**

**Illustrative Practice Profit and Loss Statement**

Current	Pro-Forma	Notes
<b>Revenues</b>		
Case Fees 100	Case Fees 115	a.
Consultant Fees -	Consultant Fees 5	b.
Dataset Monetization -	Dataset Monetization 30	c.
100	150	
<b>Expenses</b>		
Rent 12	Rent 12	d.
Staff 30	Staff 30	e.
Equipment 7	Equipment 6	e.
Consumables 15	Consumables 12	e.
Insurance 6	Insurance 5	f.
Systems, Lab Fees 4	Systems, Lab Fees 5	g.
Travel 3	Travel 2	h.
Advertising 12	Advertising 10	i.
89	82	
<b>Income Before Taxes 11</b>	<b>Income Before Taxes 68</b>	

**Notes**

- a. Higher patient charges. Evidence-based medicine. Higher revenue service lines.
- b. Due to conference presentations, articles, social media.
- c. Circles licensing revenue share.
- d. Minimal clinical burden. No additional staff cost.
- e. Product discounts to support Circle studies.
- f. Insurance re-rating.
- g. Circles charges
- h. Travel purses awarded by Circle study sponsors.
- i. Higher return advertising spend.

**Illustrative Practice Balance Sheet**

Current	Pro-Forma	Notes
<b>Assets</b>		
Cash and Investments 75	Cash and Investments 75	a.
Accounts Receivable 100	Accounts Receivable 100	
Supplies, Inventory 125	Supplies, Inventory 125	
Current Assets 300	Current Assets 300	
Property, equipment (net) 255	Property, equipment (net) 255	b.
Licensable Datasets -	Licensable Datasets 50	
Total Assets 555	Total Assets 605	
<b>Liabilities and Equity</b>		
Accounts Payable 85	Accounts Payable 85	
Accrued Salaries , Expenses 85	Accrued Salaries , Expenses 85	
Due To Payers 55	Due To Payers 55	
Total Current Liabilities 225	Total Current Liabilities 225	
Long-Term Bank Loan 175	Long-Term Bank Loan 175	
Pension Liabilities 35	Pension Liabilities 35	
Total Liabilities 435	Total Liabilities 435	
Owners' Equity 120	Owners' Equity 170	c.

**Notes**

- a. Assumes increase in revenues distributed to owners.
- b. Will continue to increase in value with added Cases and outcomes capture.
- c. Monetizable equity value compared with typical medical practice equity.