

**Louisville Healthcare Fellows
2005 Course Syllabus**

**Sessions 1, 2 & 3
Startups**

**Session
1**

Date: Thursday, March 31, 2005
Time: 5:30 to 8:00 p.m.
Location: Health Enterprises Network, 614 West Main Street.
Speaker: Gil Delgado, CEO & Founder, Emergint

- I. Case Study: Zirmed and Emergint.
 - a. Focus: Capital raising process for de novo startups – early customers vs. angel investors.
- II. Discussion:
 - a. Types of Capital
 - i. Angel Capital vs. Venture Capital vs. Private Equity.
 - b. Types of Ventures
 - i. de Novo Startups.
 - ii. Mature Organizations (done via private equity / buyout shops, not VC).
 - 1. Rollups,
 - 2. Buyouts and
 - 3. Turn-arounds/recapitalizations.

**Session
2**

Date: Thursday, April 21, 2005
Time: 5:30 to 8:00 p.m.
Location: HCA – Nat'l Patient Account Services, 2700 Blankenbaker Parkway.
Speakers: **Bob Saunders, Senior Managing Director, Chrysalis Ventures**
Steve Makela, CEO & Founder, Data Advantage

- I. Case Study: Data Advantage.
 - a. Focus: Leadership challenge – becoming a small company vs. forming a new division.
- II. Discussion:
 - a. Raising Capital from Sophisticated Angel and Venture Capital investors.
 - i. Business plan with substantial competition analysis (view sample plan).
 - ii. Angels: Understanding capital requirements for prototype/proof of concept for products and for services.
 - iii. VC's: Initial sales or committed buyers for product/service once operations commence.
 - b. Pitch Meetings.
 - i. Finding the right investors and how to get pitch meetings.
 - ii. Presentation materials and approach.
 - iii. Follow-up to the pitch – what to expect from the VC firm.
 - c. Initial Deal.
 - i. Valuation and pricing techniques.
 - ii. Sample term sheet.
 - d. Differences in Financing.
 - i. VC's, banks, etc.
 - ii. Deal structures.

Sessions 1, 2 & 3 Startups, continued

Session 2

Date: Thursday, May 19, 2005
Time: 5:30 to 8:00 p.m.
Location: MedVenture Technology Corporation. 1046 East Chestnut Street
Speakers: Kevin Bramer, CEO, MedVenture
Brian Brohman, CFO, Aptamera

- I. Case Study: MedVenture and Aptamera
 - a. Focus: Comparing rapidly evolving medical technology operations - manufacturing vs. R&D.
- II. Discussion:
 - a. Building the right team – who are the right team members? Both employees and board members.
 - i. Define inflection points at which change tends to occur.

Sessions 4, 5 & 6 Mergers & Acquisitions

Session 4

Date: Thursday, June 30, 2005
Time: 5:30 to 8:00 p.m.
Location: Medcenter Three - 201 E. Jefferson Street
Speaker: Earl Reed, Principal, The Allegro Group
Small Group: Review Hillhaven case and recommend course of action.

- I. **Case study: Hillhaven Acquisition by Vencor**
 - a. Focus: Small company acquires a larger company. Adding a new product line.
- II. **Discussion:**
 - a. Build vs. Buy – Satisfying the Need for Growth
 - i. Build vs. Buy Considerations
 1. Capital availability.
 - a. Size of the company and its ability to build or buy.
 2. Availability of opportunities.
 - a. How deals flow – where/how to find them.
 - b. Spotting a good deal vs. bad.
 3. Timing
 - a. Market forces may make capital unavailable in a sector or may require larger investments than normal.
 4. Reimbursement Environment – Now and in the and Future
 - a. How reimbursement, and its future prospects, drives valuation in healthcare. How to understand that environment.
 - ii. When is building better?
 1. Slower but higher degree of control. How to know when to scale.
 - iii. When is Buying Better
 1. When it is forced – effects of investors with larger pools capital.
 2. When building is too slow to keep up with competitive forces.
 3. Big company issues:
 - a. Are existing areas of focus too saturated? Do capital and people seem more available? Are opportunities easier to access?
 4. Similar Companies
 - a. Efficiency, scale and other synergies – are they real?
 5. Larger vs. Smaller Companies - accretive now or accretive later?
 6. New Product Lines
 - a. Learning curve.
 - iv. What is best? Build and buy if you can.

Sessions 4, 5 & 6

Mergers & Acquisitions, continued

Session 5

Date: Thursday, July 28, 2005
Time: 5:30 to 8:00 p.m.
Location: Bellarmine University – Brown Activities Center – Room 203
Speaker: Rick Schweinhart, CFO, Ventas
Small Group: React to questions in Galen - HCA case.

- I. **Case study: Humana – Galen Split**
 - a. Focus: Finding a new product line will not work.
- II. **Discussion**
 - a. Due Diligence
 - i. How market forces drive the level and meaning of due diligence.
 1. Effect of a hot market - may limit the amount of diligence pursued.
 2. Effect of perceived need to close quickly - problems may be valued at a discount to the deal, instead of delaying or forgoing.
 - ii. Issues to look for:
 1. Consider questions can you ask that will help you understand the problems you will face / needs you will have after the deal closes?
 - a. Is the quality really there? If not, can you make it happen there?
 - b. What are the people issues - unionizing, key staff departure?
 - c. Competitor issues?
 2. Reputation can be important but is not always a determining factor with regard to divisions of big companies, e.g., Healthsouth.
 - iii. How to pay for the deal
 1. Stock vs. cash vs. debt
 - a. Combinations of the above.
 - b. How does the choice of financing impact relationships with shareholders, esp. previous directors, management, etc.
 2. Securing the financing – when to go forward with letters of intent.
 - iv. Valuation Issues – Negotiating and Agreeing to the Deal.
 1. Understanding the complicated methods available.
 2. Understand the value of simplicity.

Session 6

Date: Thursday, August 18, 2005
Time: 5:00 to 7:30 p.m.
Location: Vincenzo's Second Floor Conference Room
Speaker: David A. Jones, Co-Founder, Humana Inc.
Small Group: None.

- I. **Case study: Discussion: Humana's takeover of UofL Hospital**
 - a. Focus: Complex relationships.
- II. **Discussion**
 - a. Closing the Deal
 - i. Choice of management and other personality issues.
 - ii. Are there more quality deals than quality people to run them?
 - b. Post-Acquisition Transition
 - i. Arguably the most important part of the deal.

Sessions 7, 8 & 9

Future of the Business of Healthcare

Session 7

Date: Thursday, September 29, 2005
Time: 5:30 to 8:00 p.m.
Location: Junior Achievement Headquarters. 1401 West Muhammad Ali Blvd.
Speaker: Heidi Margulis, Senior Vice President, Government Affairs, Humana
Bill Altman, Senior Vice President, Compliance, Risk Management and Government Programs, Kindred Healthcare
Tom Schuhmann, Principal, The Allegro Group & Vice Prewsident, LifeCare Hospitals
Small Group: None.

- I. Topic: Reimbursement and Regulatory issues**
- a. Discuss state and federal healthcare policy.
 - i. Review the important trends in payment policy.
 - ii. How regulatory policy will change in the next ten years.

Session 8

Date: Thursday, October 27, 2005
Time: 5:30 to 8:00 p.m.
Location: Humana Leadership Institute, 500 West Main Street, 2nd Floor
Speaker: Ray Vigil, Chief Learning Officer, Humana Inc.
Small Group: Coordinated by Humana Leadership Institute Staff.

- I. Topic: Understanding Healthcare From the Customer's Perspective**
- a. Humana peer group activity.
 - b. Deloitte & Touch "Health Maps."

Session 9

Date: Wednesday, November 9, 2005
Time: 5:30 to 8:00 p.m.
Location: TBD
Speakers: Steve Gailar, MetaCyte Business Labs & KY Seed Capital Fund
George Emont, Triathlon Medical Ventures & KY Seed Capital Fund
Small Group:

- I. Topic: Information Technology and Life Sciences**
- a. How to evaluate technologies.
 - b. Process for growing new companies.



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