First Choice Healthcare Solutions
November 08, 2018
11:00 a.m. EST

OPERATOR: This is Conference #110818firstc

Operator: Good morning. My name is (Karen) and I'll be your conference facilitator today. Welcome to First Choice Healthcare Solutions Third Quarter Earnings Report. At this time, all participants are in a listen only mode. A question and answer session will follow management's remarks.

As a reminder, this conference call is being recorded. A replay of today's call will be available on First Choice's website later today and will remain posted there for the next 90 days.

I would also like to remind everyone that any forward looking statements made during the call are protected under the Safe Harbor Provision of the Private Security Litigation and Reform act.

Such forward looking statements as based upon current expectations and there can be no assurance that the results contemplated in these statements will be realized. Actual results may differ materially from such statements due to a number of important factors and risks which are identified in our press release and our annual and quarterly reports filed with the FCC.

These forward looking statements are based on information available to First Choice today and the company assumes no obligation to update statements as circumstances change. Now at this time it is my pleasure to introduce, Chris Romandetti, Chairman, President, and CEO of First Choice. Mr. Romandetti, the floor is yours.

Chris Romandetti: Why thank you, (Karen). Thank you everybody for joining our call today. With me is (Phil Keller), our Chief Financial Officer. We'll begin providing you an overview of our operations and financial performances; afterwards we'll have some prepared remarks. (Phil) and I will be prepared to answer questions.

So where are we Q3 – highlights of the quarter? We've achieved several significant milestones in the business that we believe are so (setting) ourselves for a positive year and a great opportunity to set the stage as I've told everybody in previous calls for 2019.

The ability to grow our margin while growing the business in 2019 from 939,000 versus 2018 to 1.75 in EBITDA, it a testament to everybody here on the team and in additional to that later you'll start to hear that last year we saw that we had to take a provision in Q4 for bad debt, where this year we are not recognizing that in any of these stated numbers that I'm discussing now.

For increased turn around from last year, from a total loss of approximately for the entire year $835,000 to year to date, a positive momentum here of 570,000 is once again a great testament to the management staff that we've put in change, made our corrections, and again last year we owned 40 percent of that loss and this year we own 65 percent of the gain.

A reminder that we will no longer be putting the bad debt into EBITDA, I just wanted that for everybody to be clear about that we're not (dated) that back to this year as previous years.

We've been continuing to renegotiate our (payer) contraction. Some of these contracts as much as 18 percent increases which have happened between Q3 and Q4. Recognition is slow but it's coming in. Other contracts at 5 percent increasing over the next three years and we're excited to start to see that.

We actually put out a contract the other day to one of our significantly payers looking to get us more power (alone) in the community and asking for an excess of 24 percent is where they need to put us to normalize us.

So these are ongoing, unfortunately they don't happen as quick as we want because they have renewal dates but between now and February we think we have four more that are coming up that we aggressively putting our team on to do – to recognize those contracts.

Although – and it's (so many) that we have renegotiate in these contracts and I want everybody to know you can put them in your request. It just takes time. There's not if, and's, and but's, we wish that would go quicker but we're working towards it so.

Although we've experience exceptional revenue, 9.7 for the Q over previous years, we also experienced an additional amount of costs. Now Q over Q, year to year, it was almost the same. We are recognizing that Q3 has additional cost because numerous – it's the summer time. Elect surgeries are down in our state, doctors pays don't decrease.

We could probably do a better job of maybe advertising them over the year (differently) but the fact is they take their summer time vacations with their families, elective surgeries go down because nobody would really want to have their knee done while they want to play with their grandkids in the summer so we're starting to see a little bit more a seasonal change and we'll be working further next year to identify this and try to look at normalizing the labor better.

But the second biggest part, and later on we'll discuss further in the call is the ability that we've been looking at numerous acquisitions and targets and actually last quarter I identified four, we're at five, three and later on I'll talk about those two, three of those are completed in what we're doing.

So before I get further into that, which I'm excited about to want to talk about our future, I'm going to turn it over to (Phil) so he can update you on the factual parts of our financials, (Phil) the floor is yours.

(Phil Keller): Thank you (Chris) and good morning everyone. By now, you should have been our (10Q) file last night or our press release issues this morning and my prepared remarks I will provide additional information on the companies third quarter and year to date financial performance.

Total revenues for the quarter were $9.7 million with an increase of 26 percent. Our net patient revenue increased to approximately 28 percent to $9.1 million. On a sequential basis, total revenues for the quarter increased 3 percent.

First Choice Medical Group and (inaudible) surgery center showed year over year and sequential growth in that patient revenue, although the (inaudible) showed year over year growth but (did) the clients sequentially by 5 percent from the previous quarter.

Our (loss of operations) approximately $219,000 for the quarter compared to last years operating loss of approximately $730,000, including the current quarter results it's approximately $230,000 on unusual expenses associated with (poor) potential acquisitions.

In addition, we had start up costs of approximately $150,000 associates with the plan to opening up two additional (GT) sites.

Our non gap adjust EBITDA was approximately $194,000 compares to $98,000 for the same (inaudible) year to year ago. On the year to date basis, our revenues are up 18.2 percent to $27.9 million compares to $23.6 million for the prior year.

Our net patient revenue grew 19.4 percent to $26.1 million and our (end of) operations improved $1.3 million and our adjusted EBITDA increase over $800,000 to $1,750,000 for the nine months ending September 30. The increases in revenue, internal operations, and adjusted EBITDA was the result of a 17 percent increase in surgeries year over year.

87 percent increase in (PT) business and a 40 percent increase on our MRI's. (Turning to our) balance sheet and specially our accounts receivable in collection efforts, our (VSO'S) have decreased 19 days from a year ago. We did see an increase during the quarter.

The main driver of the increase was an increase in payment amounts in three major payers that changed their documentation requirements for getting (inaudible). We have provided the additional documentation for these changes and the (pairs) are reprocessing the claims.

We've got them fully (collected). In addition, we've made get progress with (inaudible) in the second quarter. However in the third quarter they stopped paying us again and our (DSO) and (VA) is increasing.

Evaluating our (VSO) our receivables have three distinct (inaudible). Additional ortho cases, spine cases, and then legal and letter of protection, our spine cases generally have (VSO) for 35 percent higher than traditional ortho cases and our letter of protection cases (carry) higher reimbursement levels that do require us to hold the (receivables) for 16 to 17 months which negatively affects our (VSO).

We're continuing to put significant resources and focusing on improving our (revenuing) cycle and our process (inaudible), increase focus on training, and redesigning both our front and back end process's.

Our system (optimization) programs (inaudible), I expect improvements in both our (DSO) (inaudible) very quickly. I would now like to turn the call back over to Chris.

Chris Romandetti: Well thank you (Phil) and I'm going to expand on some of those areas here in a minute but let me just start out with some of my prepared remarks.

You know the expansion of our business in additional (inaudible) services are clearly our focus on our top line revenue and without a doubt I'm probably disappointed we haven't closed on two of the potential acquisitions as of this (stage).

But I think it's a great time to recognize right now that as we look at that we're evaluating things differently than we would've looked at them maybe a year ago.

Just revenue is revenue and that's not what the focus of this call is going to be about. What we're going to discussion now is can we make money and what is a suitable amount for (UV) investors on the call that would recognize us to be doing a good job and I am not going to (get off) the fact that we need to make a 15 percent margin.

So the balance of this call is going to be based on how are we going to do that? What are we going to eliminate? And what are we going to increase in, and what areas to provide that, and put this company on track to where it can now do it – basically done practicing? So, with that, what are we going to do?

We're hiring additional surgeons. We have offers out to two surgeons right now. We've actually hired one last month, and he joined us, Dr. Wade. We're – and in doing that, we're excited that she'll be on our team.

She's one of two female foot and ankle surgeons in the state of Florida. We have not had that. So from then – we from neurology, we have neurosurgeon and we can take it all the way through.

What's important about this aspect? Later on as you will all learn, as we're bidding contracts that are being presented to us to an entire bundle, you can't tell them by the way, we do elbows, but we don't do feet, but we don't brains, but we do spine.

So we're happy today to report that we have such specialties in all aspects of orthopedics, and neurology – neurosurgery. We are evaluated the doctors we have. We want to make sure – just, again, numbers won't work for me in '19. As it starts to approach rapidly, I am not just going to do dollars.

If we're doing numbers in an area that is continuously to pull down or margin, than we need to address that and do that quickly. So we will be evaluation, both, internally, externally, and the retention of the opportunity. And we have clearly enough datasets now to start looking at that.

We've scheduled to open up our fifth P.T. location. I understand they were pouring concrete this morning in some of the bathroom areas. And that's still scheduled to come in – in December. We might slip to January, but it won't be by us. We're hoping to be running.

And when we look at a location like that, these are the type of locations that we've already looked at. The amount of business should put us at 75 percent of capacity within 90 days or we wouldn't be opening.

So in discussing that, not only will one open in Q4, we're looking to open one up in another geographic area in the county which will be in Q1. So, we're set. We're funded. We're ready, and we have the people on staff ready to start operating those locations.

We're continuing to grow our MRI business. You've heard though statistics right now. We're almost at capacity. Now, it's not physical capacity, but it's the operation capacity of where we said.

We wanted to 6,000 MRIs and we just fell short of 500 last month. So bringing up different levels of our angularly services. It's not to run overtime and run things. It's to run them at their maximum efficiencies.

But that will be an issue to grow our business in the future because we need that to put another machine in or to look at some other angularly services in the community. Our DME is following trends, and what our doctors are using and offering.

We've opened our labs. That went into effect in Q3, and we're successfully now taking what used to be, again, prescribed by a doctor to be sent out for evaluation to be done internally.

And we're recognizing that now, and starting to see the payments of that effect us in which we were more specifically affected in Q4. We practiced in October and it's starting to work.

We've identified three areas in which we've implemented changes that we believe will bear immediate positive results. I'm going to be specific about this because I'm sure they're going to catch wind because we as the board will talk about our new said board deal today. You need to look at this.

We see problems with what I'll call auto write-offs out of our software system. And these are payments we have not received any money on. These are zero payments. So we have issues with our software company that's doing our work for us. I think they have obligations to correct this immediately.

And what we mean by that is we are, right now diligently going in to go grab those claims they've written off. And what we want to do is one, fix the ones we can go back and reach on in a timely manner and re-file. And then immediately stop the action in which caused that to be written off.

More specifically, why didn't we get a report they had sent to us to say they did that? So, our order write-offs will be a tremendous area of achieving, maybe, some recognized revenue. We've identified it for the last three years. It's a number.

It might not be considered material, but it's not tens of thousands, it's hundreds of thousands over the course of the three years. And it's disappointing that we couldn't see that. I will say that report (inaudible) are in. We've had experts come in, and outside contractors. And this is how we've been identifying it.

And with the assistance of (Stewart), which we went to their locations to look at how they process and look at it, we've now been able to gain access to different ways to basically run these reports and see it.

The next was what Phil talked about was the 34 percent decrease in denials, or increase in denials over Q2. That number equated to $2.2 million, right off the top.

You don't see it for 60 days, (so we started in Q3), immediately put the flags up. And so, that now is working (toward) all those claims. So we definitely – on the cash flow side of AR, it's nice now to have a team big enough that we can recognize what that is.

But third area of high opportunities, why do we put it into AR to begin with? Athena does not do a great job of systems estimating. Maybe as investors on the phone, you've experienced this and it's one you're going in for a procedure at a practice.

You're told to come up with what your estimated dollar amount will be after your primary and second insurance has paid. We are looking at alternative third party software solutions to this.

Last year, we saw about six, seven – maybe a little more – $1 million of this at TBC, and $500,000 of ours go into AR, and then we have to spend money to fight to get it. It's a lot easier to get the money before we do your operation than to chase you afterwards.

So that's going into effect even before the first of the year. It's being done manually right now, that's labor intensive. But we're looking for software solutions to do a better job on our pre-estimating on what's needed and what's required.

It's our pleasure to announce, on our last call, we had slated that he board would be sat. They are sat. We now have five directors, four of which are independent.

And we look for a great opportunity to take guidance from the board on how they now would like to see the direction of the company, either change of these things I'm mentioning now or it would be just pure opinion of not only theirs, to make what we're presenting to them for our next year's budget is appropriate.

So this will also allow us today – as of today, to fill out our final application which we've been invited up to the NASDAQ and to the New York Exchange, that, other than a stock price, we have all criteria in place. We have to have our yearly meeting which will be coming up shortly.

And that'll allow us the ability to up-list to an exchange, which we are working on as we speak. We've negotiated with some – with bankers to turnaround, and we have a term sheet in hand that would allow us to have access to $9 million in working capital for investment activity.

We – it's – we think it's a fair interest rate. There's no equity involved. And expansion of our line on our line of credits of $5 million required.

As of right now, we have approximately $1.4 million out on our line of credit, on our AR, with no other significant debt as – day-to-day, other than what gap requires us to do it as it relates to leases and other lease obligations. So as we discussed on our last call, we've been reviewing the target. We said four, there's been five.

We have two of them that were prepared to close right now. We have spent hundreds of thousands of dollars in everything it takes to have legal documents on the table to close on two potential opportunities.

We're measuring twice before we cut once to make sure that we pull this trigger, that these opportunities will bear the fruits both you as an investor and us as a company would expect, meaning, if it doesn't fit a margin of acceptable profitability, I don't want to buy something then tell you we're going to make it there.

So we are – we're not certain they fit. So we're measuring that right now. There's five, there's three others. We think two of the other ones, or three of the other ones significantly could fit this.

But unfortunately, we took the biggest because we thought dollars were important. And the message of today's call is additional dollars are not nearly as important as profitability. So the team's done that, it's now gone through revenue cycles. We're looking at these acquisitions.

And a wise person once told me, make sure you really look at this as a post-closing acquisition, and what's it going to do day one. And we'll be, hopefully, ready to report that shortly to you on our progress.

So the summary, we just don't want to do more dollars, we want to make money. And I know that's what all of you want and what you would expect. And I expect nothing less than that for me to have this position.

So that for – each segment of our business is under an extreme scrutiny right now to be rechecked and measured twice, this includes looking at our providers, what they do, our service lines and what the criteria needs to be to fit next year's criteria on the minimum profitability that I'm aiming for, for 15 percent.

I am not happy sitting here doing 6 and 8 percents. It's not what I said we would do. It's not what I want to continue to do. And I am committed to make this change. So with that, what I'd like to do is turn it over for questions and answers. And I appreciate everybody's time here. (Karen)?

Operator: Absolutely. Thank you, sir. Ladies and gentlemen, the floor is now open for questions. If you do have a question, please press "star" "one" on your telephone keypad at this time. If you are using a speaker phone, we ask that while posing your question, you just pick up your handset to provide favorable sound quality.

Once again ladies and gentlemen, if you do have a question or a comment, please press "star" "one" on your telephone keypad at this time. And our first question comes from Howard Halpern from Taglich Brothers. Please state your question.

Howard Halpern: Good morning, guys. And it's nice to hear you focus on that profitability, that's a good thing. First question regarding I guess the PT centers. And what is the margin of your PT centers and what do you expect to drive them even higher in the future?

Chris Romandetti: Well, thank you for the question. So, specifically today (inaudible) in the margin in each particular one per contract, I'm going to have to wait and either have to answer that separately. But I would want to get clearance. I think that – that our contracts are definitely contractually – I don't know if that would be a benefit.

What I can tell you, it's our – one of or single highest margin pieces of business. That piece of business before corporate overhead should be holding from 20 to 30 percent.

The actual rates are very consistent in our community over the product mix between both Medicare and third party payers. And average appointment visits probably worth $82 to $90. And so, we're clicking off right at $1,000 a week right now.

We think we'll have the potential to do $1,800 or actually $2,000 with the next location opened up for next year. And somewhere between this year ad the end of '19, I don't know if it'll be in May, June, August, we should be clicking in to that volume of business.

Howard Halpern: OK. And I'm assuming now any of the acquisitions that you're looking at or you would obviously pull the trigger on should at least be 15 percent margin to you business, correct?

Chris Romandetti: Yes, without a – yes. It almost – it might be that our contracts have to overly their patient mix and their volume in whatever areas they're doing which we can do. But you're buying a book of their business to (inaudible).

If we can double PT tomorrow and there's a margin that our contracts are better, that would be an ideal target. So, we don't have to wait two years to bring in that additional revenue. So to answer your question, we would not bring something in that would decrease the opportunity or margin we currently experienced.

Howard Halpern: OK. And on some of the bold points you went through with auto write offs and such, do you have to – are you able to use existing personnel or is there some incremental costs to getting some of those points straightened out next quarter or so?

Chris Romandetti: I think that's a great question. Phil has assembled the revenue recognition team now to where I think we have 1 people working in that department that have segmented both current business meaning there should be no business in my estimation we don't start looking at hard until it hits 90 days.

Working the claim to take about 90 days, then it starts to become pragmatic. What we're looking at is anything over 90 days and we are actually talking to collection agencies and different people for the claims that go out.

And each one has a unique piece to it. I can't put a collection agency on the U.S. government for the VA. We can sue them but they're not going to like that. So…

Howard Halpern: Yes.

Chris Romandetti: …we'll take that $400,000 and have a different type person to work those claims as we're working in Washington with them to do that. And when you go to Medicare, they have rigid rues on how you can get to the judge and work those claims. So yes, it's a combination of both.

Where I want to be is current information, making sure we're getting that prepaid expense. You've got – your deductibles kick in January 1. January 1 is our worst month for collections and cash flow because deductibles kick in, two to five grand.

So, that was implemented and what we're trying to implement right now is these third party finance companies that advance credit to patients so that we can be in a position to almost virtually eliminate open patient responsibility by implementing companies that will lend credit to an individual so that I'd rather take a little discount upfront and take the cash off the table and not be fighting to get that million dollar plus per year from patient responsibility.

Howard Halpern: OK. You talked earlier about getting bundles and I guess trying to get your personnel, the surgeons in a whole in compassing I guess portfolio of what they do – what you're able to do.

Could you talk a little bit more about getting bundles and how that might be more important I guess maybe, or have a more of an impact going forward in future years?

Chris Romandetti: So, we have a significantly large payer that has approached us to say we just want to make one payment per episode. We want to pay you for your anesthesia, your facility, your doctor, your supply costs, your implants, make a payment and be done with it.

Compared to right now, they're managing paying six to eight different people on six to eight different contracts. So, there are two different type bundles. There's a bundle to do a procedure in our surgery center and then there's a bundle to provide the episode.

And they are now approaching us more on the episode to see if we want to go down that, so that's be evaluated as we speak. And so far, it's recognized to us to be – it might be much more favorable to get the episode. And that's why we're adding al these services in because some of them include the ancillary services that we're currently providing.

Howard Halpern: And just one last one about Steward. How is that continuing to progress and what are you seeing back and forth as you talk to them?

Chris Romandetti: Well, I think the opportunity in our communities like I've always said, I mean – Steward is investing in our company and have the confidence to know what we think we were doing and are doing in their facilities. We're primarily demonstrating that right here in their Melbourne campus.

And we work with them diligently to get reports to see how we can even work better and closer together. So, I don't have anything to date to report to not say that do we wish what they could offer us could come faster?

Everybody always wants that. But I have nothing negatively to date that I'm going to sit here and say they've burned any of our expansion. At first we thought – I mine as well clear the air on this, because I think the question will come up.

We thought we would run (inaudible) in to a new territory on the last pull. And I want to be very clear on that, we've analyzed the amount of surgery potential and ancillary business.

And it's – it is 18 percent in our estimation far below 20 percent, the side of our current market share. And so, we have pulled back to just opening two offices down there to service surgeries down in that area.

And until we both see how the landscape wks in that area, we are concentrating our services where they are – where nowhere is near 50 percent of our capability here in these central Florida area and not in to another county.

And so therefore, we won't be deploying CapEx additional CapEx currently down in to the Sebastian area until we see the actual – they're building their facility out there and ours. And they'll be additional surgical capacity down there. So we're watching that come along.

So, we're going to stay focused to get the Melbourne central Florida for (inaudible) county a platform up and working at our new optimum goal of profitability so that we can turn around and know we have a real good working unit.

So, the long winded answer with them is that we still have a hospital north of us that they have capacity, so we'll be looking at. That's where we might be opening another PT area up closer to their other campus.

And when you look at where the actual locations are – zip codes where surgery potential customers live, there's still plenty of more work to be down up here in the central part of the county.

Howard Halpern: OK. Well, keep up the good work, guys.

Chris Romandetti: Thank you.

Operator: Once again, that's "star" "one" if you do have a question or a comment. And our next question comes from Gene Mannheimer from Dougherty & Company. Please state your question.

Eugene Mannheimer: Thanks. Good morning. Congrats on a good quarter, guys. I wanted to ask about the – the revenue trajectory for the current year.

Based on your last comments Chris, I just want to verify you're still tracking to the $40 million type of revenue for the current year. And if you are, that would suggest a pretty meaningful pick up in the number of surgeries in Q4. Am I thinking about that right?

Chris Romandetti: Yes. No, Gene, we are now putting guidance out. And as being somebody who's writing on us, you would know that. If I did, you'd be the first to hear about it and you'd be able to report it.

But we have not put any guidance out 2018 or '19. So, we are on track that we're doing what we're doing, you're analyzing it, you're looking at it and we're pretty confident on what we're doing. But today on this call, I haven't put guidance out for Q4.

Eugene Mannheimer: Sure, no I respect that, but I believe that in the last call, you talked about the surgery run rate exiting 2018 and from there we can kind of extrapolate what revenues might look like. So do you expect meaningful pick up and surgeries in the fourth quarter?

Chris Romandetti: No, and I never told you I would. What I told you on any call -- and you can go back and listen to them, is that we were hoping to leave and expecting to leave run rate Q4 for next year at 5,000 surgeries.

So it never was that it was appearing in Q4, that might be interpretation you've taken; but go back and relook at it. I told you, we just hired a doctor , they're onboard, we have options for other doctors to come onboard, that hasn't stopped.

We are now looking at what does it take to make 15 percent, so in doing that right now, it might not mean additional new surgeries, it might mean additional higher profitability and ancillary services.

So I think as shareholders, they'd rather hear profitability is there and it's stable and it's consistent, instead of Chris is going to do 5,000 or 6000 surgeries and make $7,000 a piece. So we're evaluating each person, everyone we have and making sure that they're contributing the proper margins that we expected them to do.

Eugene Mannheimer: All right, well that makes sense. OK, so let me switch gears...

Chris Romandetti: Let me -- let me expand on one other point. It has been traditional that Q4 has always had a higher surgical count, and we've looked at that diligently, because naturally you're deductibles for the year, patients want to have them met.

So we definitely have a higher count in Q4. Some of our -- I don't want to say reaching issues are, but we're almost at some capacity issues at some facilities that we're now getting tight with.

So we're measuring that with Steward, we're measuring that with our own center as it relates to that. but I -- we're almost -- we have to be in the upper 70 percent, 80 percent at some of these facilities, that they just don’t have the bandwidth to do more there.

So its always easier for the schedulers to put seven on a day instead of nine, or like a day like today, I think we had issues where we have to move nine or 10 surgeries because of an issue at a facility.

That happens, it's the real business, what we like is that our (depth) in our patient log is getting more consistent and it's still working well. And don’t forget, we added two surgeons in the last year down at the back center and they're coming up to speed now, and you have to find rooms for those people to see -- to do their surgeries.

Eugene Mannheimer: Right, right, OK. So with the seasonally higher surgery volume in Q4, that would just be coming from a higher number of surgeries per location versus additional open locations? Right?

Chris Romandetti: I don’t know if understood that question, Gene…

Eugene Mannheimer: you don’t have any surgery centers opening in the fourth quarter that would drive volume. The surgeries that you expect to generate in Q4, are all from existing sites, right?

Chris Romandetti: Yes.

Eugene Mannheimer: OK, OK. And last one if I could, Chris. With the offer now out to Dr. (Wade) how many revenue producing surgeons are on your staff today, and of the two offers that are outstanding, are those -- what specialty would those comprise? Thanks.

Chris Romandetti: Yes, I don’t want to disclose the sub-specialties that are coming in right now due to the fact that I just don’t want to. I'll tell you, it will be a need of a void that's in our community, is what they would be. And it's just way too local. We have 10 surgeons on staff right now, to answer your other question.

Eugene Mannheimer: Great. Thanks a lot.

Chris Romandetti: You got it, thank you.

Operator: as a reminder ladies and gentlemen, that's star, one on your telephone keypad if you do have a question or a comment, star, one. And our next question comes from George Melas from MKH Management. Please state your question.

George Melas: Yes, good morning. Hey, Chris, (inaudible), how are you?

Chris Romandetti: Great, George.

Male: Good.

George Melas: Great. Just looking into '19, (PT), it seems -- if you do 2,000 visits per week, it could maybe almost become a $10 million business. Can you sort of provide the chunks of what could be the -- and its not guidance, it's not -- but is just trying to understand what could be the revenue by segment or by practice, let's say, in '19?

Chris Romandetti: Well George, I appreciate that, and we are almost -- we were all excited to want to start to get into those areas, but I can tell you since our inception, we have never been more laser focused on not only what is each percentage of our business, but what is our business value to each one as it relates to revenue, and then what is our margin, and that is why today, we're confident by making some subtle changes, we can achieve next year being much closer to where I want to be on my overall margin.

Today on this call, I have give you percentages and I did not do that, to determine what we think (PT) will be overall compared to it. But overall, (PT) can be a large component to it because of the 34 percent denials in Q2 and Q3, over 40 percent of that 34 percent were denials because people didn't achieve conservative care.

So we're actually getting additional denials from our payers because they want to see them experience conservative care like therapy (prior to things).

So I do know this, I have the payer mix out there wanting me to do more conservative care and then you have to do more imaging to make sure that conservative care can be done before an acute problem is found.

So I -- maybe this will help answer it. My last meeting that I publicly stated, I stated that our revenue last year was derived by 60 percent from physician revenues, and 40 percent from ancillary.

And my opinion, '19, if I had to give you my educated guess would be, as we will be transferring to where it might go further, but we will be 60 percent ancillary and 40 percent physician. And once again, our margin on a blended rate has got to be 3 to 1 that the ancillary is much -- holds a much larger margin than the high cost of the physician. Does that help?

George Melas: Yes, it does. Great, thank you very much.

Chris Romandetti: Yes, George.

Operator: Once again, star, one if you do have a question or a comment. And there appear to be no further questions at that time, sir.

Chris Romandetti: Well, that sounds great, (Karen). So with that, what I'd like to do in summary, once again, is to thank everybody for joining the call, having the continued support from the shareholders to see what our current status is, to recognize that our team has identified exactly where we want to be.

And as we're growing now with the internal staff, that some of these extra dollars, let me assure you in Q3, is to get this information on our desk on daily dashboards.

We don't wait for months anymore, we' re in the current status to be upgrading our software system and our accounting software to where we recognition to what we're discussing on a daily basis .

I know you might all think that should be standard, but in a growth company, it isn't always. We can now see that, recognize it and adjust rapidly to achieve the common goal we're all hoping for. Once again, I want to thank everybody for their time, I think we're getting better on these calls; 42 minutes into it.

And again, if anybody has any specific questions, you all know how to get ahold of Phil, our CFO or myself, and e-mail us, and we'll do the best we can to accommodate that. Thank you, once again and have a great day and a great holiday coming up.

Operator: Thank you. Ladies and gentlemen, this done conclude today's teleconference. We thank you for your participation. You may disconnect your lines at this time and have a great day.

END