

## HCA Champion-Challenge Process/Results

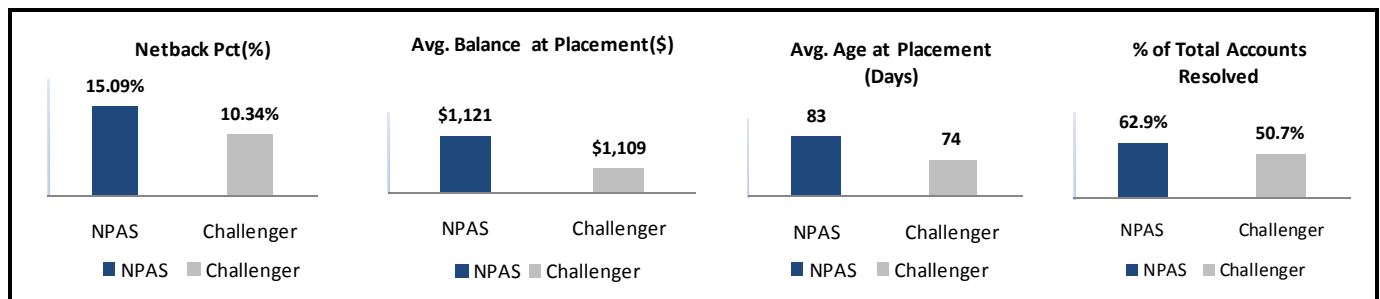
In 2003, HCA implemented a Champion-Challenge process in which its subsidiary, National Patient Account Services (NPAS) would compete in head-to-head competition with an external agency to perform early out collections in a controlled test environment. HCA felt this process would confirm whether the best process was in place internally to best handle the biggest portion of their business – private pay accounts, by ultimately showing which agency produced the most collections with the lowest costs.

Each year, HCA conducts a search for reputable agencies to use as the Challenger based on the firm’s size, reputation, technological acumen and references. Self pay and Copay/Deductible accounts are divided between each party on an alpha split of the patient’s last name. Both NPAS and the selected Challenger are required to report monthly collection results in order to verify that the accounts being worked by both parties are similar in characteristics. Indicators such as number of accounts, average balance size and average age of the accounts along with collections amounts and percentages are used to track results from both parties. The champion challenge process will run a minimum of a twelve month period and below are the year to date results for the 2007 champion challenge.

### Private Pay Summary:

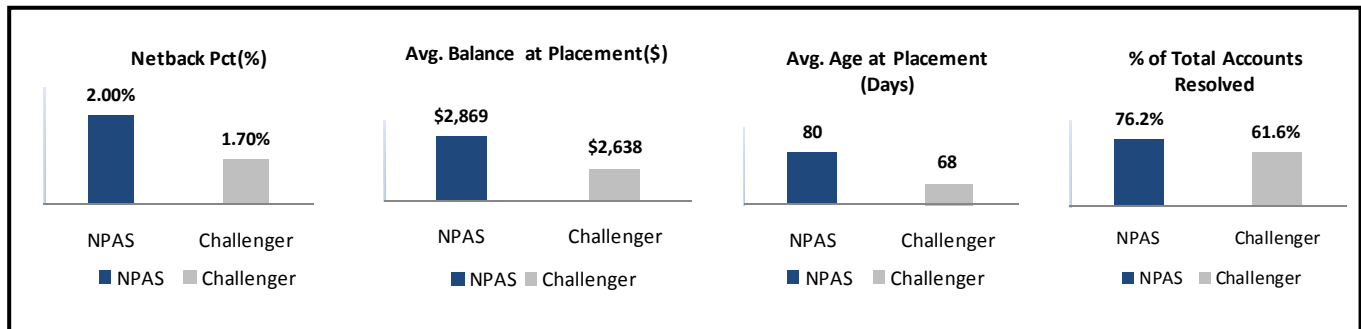
For the last 12 months, it appears that NPAS provides a clear advantage over its challenger on Netback per account. These accounts were consistently older and had higher balances than those placed with the Challenger.

On all Private Pay business for the 12 months ended August 31, 2007, NPAS has a netback per account of \$131 versus the Challenger’s netback per account of \$89. NPAS is producing 47% higher netback per account than the Challenger. During the past year, NPAS has resolved 12.2% more accounts than the Challenger while working accounts that are older; accounts placed at NPAS had an average age at placement of 83 days versus 74 days for those placed with the Challenger. This is important because NPAS has been working accounts that are 12% older than its Challenger, which typically makes them harder to collect.



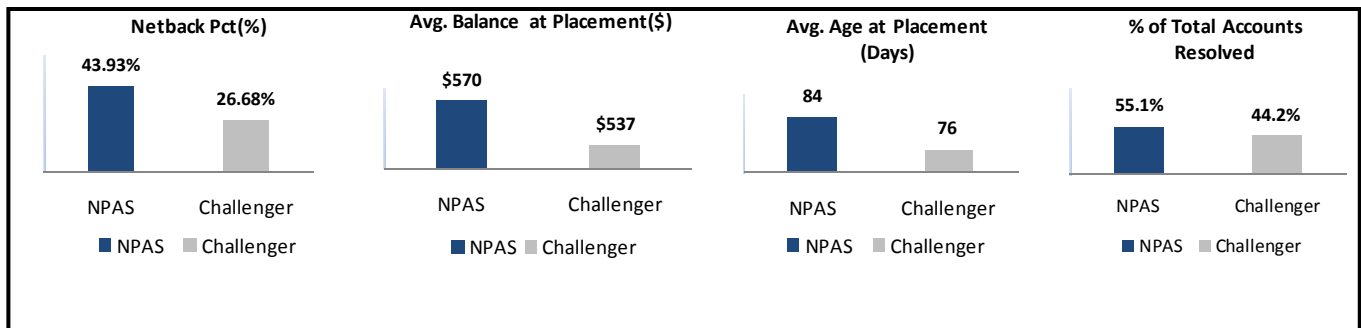
### Pure Self Pay:

Due to the difficult nature of trying to collect on Pure Self Pay accounts, the netback differences between two entities may never be substantial. The Self Pay netback results remained fairly close between both entities, however while working older accounts with higher balances, NPAS was able to produce a higher netback per account (\$48) than its Challenger's netback per account (\$41). Additionally, NPAS still resolved 14.6% more accounts than the Challenger. The accounts placed with NPAS were 17.6% older than those accounts placed with the Challenger, while the average balance of those accounts placed with NPAS were 9.8% higher than those placed with the Challenger.



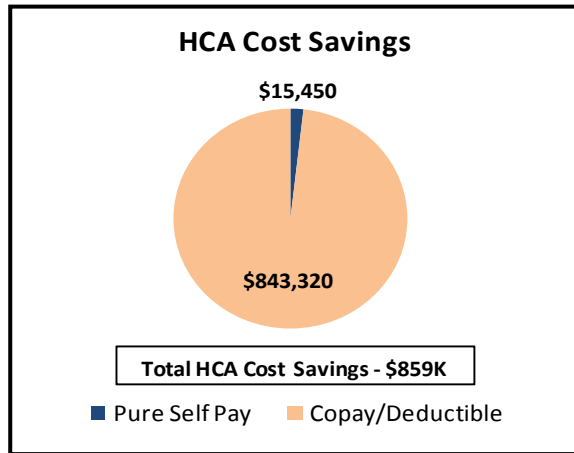
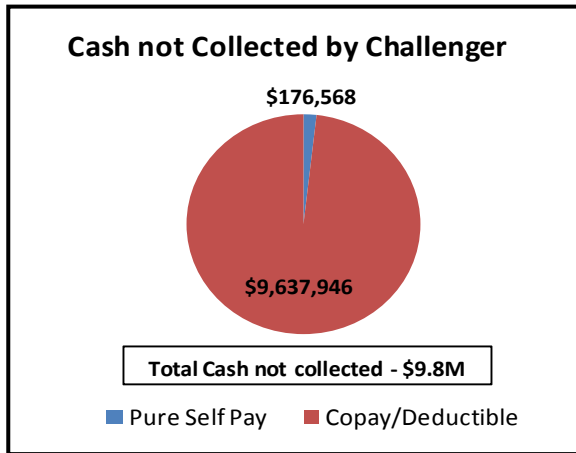
### Copay and Deductible:

NPAS appears to have a significant advantage over its Challenger when processing the Copay/Deductible accounts. With the 12 months ended, August 31, 2007, NPAS produced a netback per account of \$159 which was 63% higher than the Challenger's netback per account of \$97 for the same timeframe. NPAS resolved 10.9% more accounts than the Challenger while working accounts that were older and had higher balances. The average age for the accounts NPAS handled were 84 days compared to 76 days for the Challenger. The average placement amount for accounts at NPAS were also 6.1% higher than those placed with the Challenger.



### Opportunity Cost:

To date, the results of the Champion Challenge process have confirmed that with NPAS, HCA has a proven early out solution in place to produce the most collections with the lowest costs. However, an opportunity for higher collections at lower costs was missed during the champion challenge process.



Assuming NPAS had worked all of the business placed with the Challenger, HCA may have resolved 12% more accounts over a one year period, resulting in a total of \$9.8 million more cash collected. This incremental cash ultimately translates into \$859k in cost savings to HCA, assuming the \$9.8 million in uncollected cash was collected by an external primary collection agency which charges at least three times the rate of an early out provider.

**Definitions:**

**Netback Pct.** – The percentage of cash returned, net of collection fees, based on the net balance placed.

**Avg. Balance At Placement** – The average account balance for the accounts placed with the agency.

**Avg. Age At Placement** – The average age of the accounts placed from discharge to placement with the agency.

**Total Accounts Resolved %** - Represents the accounts that were resolved by the agency divided by the total accounts placed over the timeframe of the pilot, excluding recalled accounts. Higher percentages represent a faster process for resolution.