

Bringing to Market their HealthSpot Stations that will be Located in Partner Pharmacies, HealthSpot is building a National Network of Doctors Working with Top Health Systems to Offer the Lowest Overhead and Highest Quality Healthcare Appointment in America



healthspot™

Healthcare
Telehealth

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Steve Cashman
CEO

BIO:

Steve Cashman, founder of HealthSpot, grew up in a small town in Kansas and studied Electrical Engineering and Business Administration at Kansas State University. In 1998, Steve co-founded an IT services integration company, SecuriCom Inc. He was recently Chief Strategy Officer for

Exceptional Innovation, where he led the adoption of the company's cutting-edge software platform into the healthcare, hospitality, management and energy marketplaces. Steve's strategic thinking speaks to how information technology transforms markets. His vision for HealthSpot is to create value for patients, providers, health systems and their communities by reducing costs, increasing efficiencies and enabling improvements in healthcare access and quality. Executives admire Steve for his passion, ability to drive change, entrepreneurial spirit and candid conversational style.

About HealthSpot:

At HealthSpot, our mission is to increase access to high quality, convenient and affordable healthcare services. HealthSpot is pioneering patient and provider healthcare technology with a turnkey system called the HealthSpot Station, a private, walk-in kiosk that enables patients to have real-time access to board-certified doctors via high-definition videoconferencing and interactive, digital diagnostic tools. As the beleaguered healthcare system continues to struggle under the strain of too many patients and a growing physician shortage, HealthSpot has developed a market leading solution for providing high-quality, interactive healthcare as an alternative for in-office visit, preventative care, urgent care, and even emergency rooms while still maintaining doctor patient communication at convenient locations nationwide.



Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Cashman, your website indicates that HealthSpot is a new approach to healthcare. What is your approach?

Mr. Cashman: Our approach is to create access to high quality, affordable and convenient healthcare services, where the consumer can go when they need care. One of the biggest challenges in healthcare right now is how to get access to the right care, at the right time, at the right place. Therefore, our approach is to use telehealth technology coupled with the consumer experience to meet today's technology needs of the consumer and give them access to a high quality doctor and their neighborhood pharmacy.

CEOCFO: After the grand vision and how does it work? Are there many nuts and bolts?

Mr. Cashman: There are many nuts and bolts. We like to say that healthcare needs healing. It starts very simply. It starts with a technology platform. Today, if you would have woken up sick this morning and you needed

to get into your doctor to see him; maybe it was bronchitis or something you have had before, but you need to get access to care, you would probably end up on the phone, maybe your doctor could not fit you in, or until afternoon, you already have a full schedule that you are trying to get through. You would possibly end up in urgent care or a retail clinic, filling out a bunch of forms on your history and so on, or you are seeing someone new just to get through that basic process. We start with the simple act of going on our mobile app or going on web site and actually finding a location, picking a doctor and typing in your medical condition. It is the same thing that you would do via phone with your doctor today, but we are doing those with an electronic format. Next you find a HealthSpot location where you can access care. Then you select a doctor and tell the doctor why you need to see him. Then we are going to slot you some time there so you can get in and do that with whatever is timely and convenient for you. At that point in time you have already had a much more friendly experience than you typically do calling the waiting room at eight o'clock in the morning and trying to find out how you are going to get in there that day. From there you are going to go to a HealthSpot which is going to be located in a retail pharmacy. The retail pharmacy is the big piece, because in retail pharmacy a large portion of people are getting prescriptions and you can get that as a "one stop shop", which is the HealthSpot approach. From that point on, if you would walk into that pharmacy at that scheduled time, or you could be a "walk up" patient, you would go through with our medical attendant and you would experience many of the things that you would at a doctor's office. They take your height, weight and blood pressure. What is unique is that they are doing that all through an FDA registered medical device data system, so that we are verifying the data and we are actually sending that all to the doctor you are going to see, digitally. This doctor could be a doctor that is affiliated with one of the top health systems in your state and maybe they do not have a presence in your small town. Maybe it

is just inconvenient to go from your urban loft out to one of the health system locations. At this point in time all of this has been done and you have checked in and you have sent your vitals; the doctor is going to pop on via video conference. This is not just any video conference. It is a high definition, secure and a very rich experience. From there the doctor has all of your information and he actually has control over six additional medical devices that are in the HealthSpot station. Those medical devices are things like a digital otoscope. If you had an inner ear challenge or problem the doctor could actually control that medical device. There is a bin; and he hits a button on his laptop and it lowers that door and then you can take that medical device out and gently place it in your ear, not a third party placing it roughly in your ear and not knowing if they are hurting you, and the doctor can see your inner ear. He can show it to you, show you where the infection is and do his job. Therefore, we are providing flexibility and access for the consumer as well as the doctor. Now that doctor is able to take his talents and his reach and extend that and focus all over the country, depending on his licensing where he is licensed as a provider, and we are able to quickly get people in and out and back. If you ever had an MP3 player, before the iPod, you would have to download some software to load a CD and try to convert your music from your CD to digital, then you would have to try to copy and paste them onto the player that is hooked into your computer, then try to figure out what number which song was and all these various things. We just try to take all of the convenience factors the consumer expects today when booking, when getting records, when transmitting information; and we try to do that all in a manner in which a doctor can still provide high quality care. With that there are many benefits.

CEOCFO: How do you get the critical mass of doctors and locations to make your service viable?

Mr. Cashman: We are building a national network of doctors working with top health systems to offer the lowest overhead and highest quality healthcare appointment in America. The

first thing we have done, we have a partnership with Teladoc which is a very robust operation that has a network of doctors today that provide care to over five million patients through their employer clinic operations. Teladoc gives us a national access network of doctors. On top of that we are going to be partnering with health systems in every community to extend their capability to patients all across the region."

CEOCFO: What about the physical facilities? How do you get that portion in the pharmacies?

Mr. Cashman: We are similar to a Redbox kiosk. We are not selling our hardware. We work with pharmacies to install the HealthSpot Station through a partnership with them to create that as an access to care site. We provide the back end software solution and lend marketing support.

"We are building a national network of doctors working with top health systems to offer the lowest overhead and highest quality healthcare appointment in America."

- Steve Cashman

CEOCFO: Older people tend to be sick more than younger people and I would suspect that older people would be less comfortable with a "TeleDoctor" than someone in person; albeit if they think about it, it is probably better. How do you bridge that gap and educate people to realize that it is okay, and really good and probably better?

Mr. Cashman: We are going to be launching national campaigns around awareness and connectivity with some of our partners throughout the year. However, what is interesting about the beta trial that we did over the last six months; and our average age of our patients was over fifty five and we have seen a lot of folks that were over ninety years old, ninety eight percent of them preferred our product to an in person visit. The older folks found it very appealing. One, they probably had had the medical condition that they were there to see

before, so they felt knowledgeable about what they were experiencing. Second, I am only thirty six years old at this point in time, so I cannot necessarily comment, but apparently the patience of an eighty five year old man is less than that of a young man, potentially, when dealing with an illness. Therefore, many of these people are walking in to an urgent care and there is a two hour wait, and you have a HealthSpot sitting out there where we can get you to a high quality doctor with a large health organization, so they know it is quality, and we can get you back out of there in ten minutes, and that is extremely appealing to them, regardless of where the doctor is sitting. Therefore, we have had a very high success rate there.

CEO CFO: Do you find that people are less attached to their family physician than they may have been years ago, given that doctors are in group practices and people move around more?

Mr. Cashman: I am going to go with two aspects here. One; we do need people that are chronically ill to more attached to their doctor, because we need someone "playing quarterback" for them, to help them get access to a diabetic educator, or whatever it may be based upon their chronic disease state. However, statistically, you are absolutely correct. Fifty one percent of people in America do not have a primary care doctor. Thirty million more people are coming in under the Affordable Care Act that do not have a primary care doctor. Certainly, when everyone used to have a primary care doctor we have already tipped the scale to one side, and it is only going to get worse, because we have a shortage of one hundred thousand doctors, but we have thirty million patients coming into the system. Therefore, what we need to use is technology to create what is called continuity of care and minimize fragmentation. Seeing the same doctor over and over again will be less relevant. What is relevant, though, is making sure that doctor has the knowledge of what you have been treated for and the drugs you are on and things of that nature. Certainly, as you into possibly one of the chronic

disease categories, whether you are a diabetic or with COPD, Chronic Obstructive Pulmonary Disease, that you do have continuity of care with your doctor. Society is no longer based around "I have a primary care doctor"; and that is what I do, unfortunately.

CEO CFO: HealthSpots is working on the retail network. Where are you now and where to you expect to be six months or a year from now?

Mr. Cashman: We are solving the largest problem in healthcare, which is access to quality care. Where we plan to be by the end of 2013 is that we want to have a thousand HealthSpots out and plans for many more. By midyear we hope to have ten to twenty health systems in our network. Today we have announced two, but we have already got five to eight contracted that we will announce over the next few months. We want to have about twenty health systems out there. With health systems, we are not just doing episodic care; we are also enabling specialist follow up visits and readmission checks. There is a lot payment going on where forty percent of the specialists time is dealt with follow up visits, where you do not necessarily need to drive back down to that big hospital and wander in, or just to see your doctor for two or three minutes. We are working with them to create convenient access to follow up care as well, which brings a lot of efficiency to these health systems. By midyear we hope to have about twenty health systems in our network. We hope to have some national retail announcements to where these are being rolled out with the big names where consumers are going today and they are familiar with one in their neighborhood. We also hope to have a large network of independent pharmacies that are out there in small town America, possible where a doctor is graduating and does not necessarily think there are enough people there to live. Anyone can live in small town America and we can take his time and put it back and create access to urban America. Those are some of our goals. Additionally, we are going to partner with some big companies and really work on solving this information connectivity problem

and start to deal with some of the chronic disease management as well.

CEO CFO: Telemedicine is certainly not a new concept in walk in clinics or local places. What is the biggest stand out in what you do and why is HealthSpot going to lead the crowd?

Mr. Cashman: Why we are already leading the crowd; and we did this at CES when launched in January. We had the CEO of Verizon and one of the executives from Qualcomm include us in their keynotes at the Digital Health Seminar at CES. We have built all of this technology in a very robust manner; not just parts and pieces, but more than anything, what we have focused on is creating a consumer experience in healthcare. I you polled a focus group or people today and you said, "tell me about the last time had an illness, a sore throat, the flu, something that you had to go to the doctor for; tell me about that experience." You will not hear a lot of people saying, "My doctor was so friendly, he was on time, the environment was so clean, and the people were so friendly." Those are not the things you hear. Therefore, what we have focused on is how to create that "out of the box" Apple-like experience for consumers, so that when they walk away they say "Wow, that was faster, easier, lower cost and it was higher quality, because I got to see my inner ear. I got to see a doctor that was part of a big health system and I new it was quality versus a random person that walked into the urgent care that is just working the day shift; and by the way, my doctor got my record and I got my record." The robustness of what we are doing, tapped with the experience that we have grown to expect as consumers when we buy an iPad or when we get a new cell phone. All of those things that we have that healthcare has not quite gotten to, and we are bringing back the market without cost to the health system and without cost to the retailer. That is our infrastructure. It is a pretty big and robust bundle.

CEO CFO: Is HealthSpot funded for the next steps or will you need to seek funding as you go along?

Mr. Cashman: We are very fortunate to have the Affordable Care Act and now Healthcare is at an all-time high. Therefore, we have a marketplace that is quite large. We have raised a lot of capital to get to where we are and now we have the financing as well as the partners, to be in this for the long haul. We may seek to raise additional capital in the future, but that will be based upon growth in market, not for funding in the business.

CEOCFO: Why should investors and people in the business community pay attention to HealthSpot today?

Mr. Cashman: Because roughly five million people are going to urgent care's a month, at a three times cost to whoever is paying that tab; whether it is an employer, benefit, or the individual. Because, thirty million people are coming into our healthcare system with coverage that is being paid for with tax dollars, that do not have a doctor. Because there is a one hundred thousand doctor shortage out there, depending on which report you read, by 2025. We also have all of these challenges of continuity. Healthcare is the most meaningful thing to both our budgets as a state and as an employer that we spend in benefits to our staff being at work on time because they are healthy, to our

loved ones ultimately living a healthy life. It is one of the biggest financial burdens that you face as an employer or as an individual, paying your bill. It is one of the most impactful things to the quality of life that you will have. It is probably the biggest challenge as a country that we have in getting our hands around with the aging population, or how we are going to maintain and make that affordable to the American citizen. Therefore, it is a pretty large problem to solve.



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