



## Q3-2009 EMERGENCY MEDICINE INDUSTRY UPDATE

### EMERGENCY DEPARTMENT PROVIDER SHINES

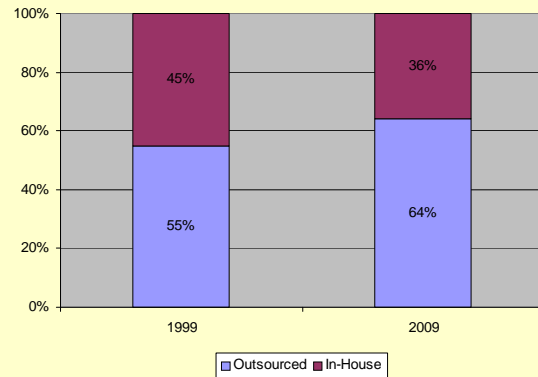
In our second quarter Emergency Medicine Newsletter, Provident highlighted the success of hospitalist medicine provider IPC The Hospitalist Company, a healthcare services firm that provides, manages, and coordinates the care of hospitalized patients. In this quarter's update, we highlight Emergency Medical Services Corporation (NYSE: EMS), another firm that has continued to experience strong growth in the midst of a down economy and fears over healthcare reform. Since the beginning of 2009, the value of EMS stock has gained 28%. Since its year low in early March, the stock has soared 65%.

EMS is the largest provider of contracted emergent and non-emergent ambulance services in the United States. Currently, they provide services to cities and counties in roughly 40 states. EMS' other core business is the staffing and management of emergency rooms, which they operate on behalf of hospitals and health systems. EMS has benefited from outsourcing trends, as hospitals are more frequently outsourcing this function. The Company estimates that in 1999, 55% of hospitals outsourced their emergency department. Today, approximately 64% are outsourced. EMS estimates the current emergency department outsourcing market to be \$10 billion in size.

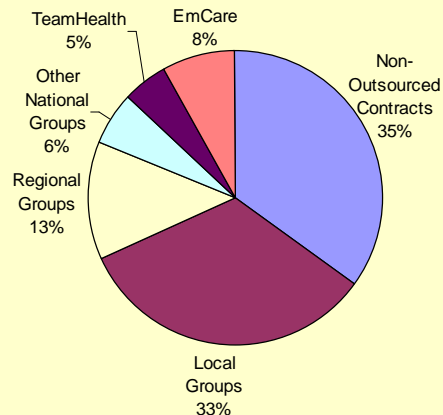
EMS' stock has done well due to increased patient traffic to emergency departments, which some have attributed to fears over swine flu, and due to management's and investors' belief that there are additional near-term outsourcing opportunities to manage other non-core hospital operations. Specifically, EMS is focusing on radiology and anesthesiology departments. While the Company currently has 8% of the emergency department market, it claims to have penetrated less than 1% of the \$5 billion market for these other hospital units, leaving room for substantial growth in the years ahead.

Finally, unlike some healthcare providers that could be severely impacted by any proposed changes in reimbursement, EMS believes that it should be a net beneficiary. The Company currently collects 30-35% of its revenues from government payor sources, Medicare and Medicaid. Any cuts to the Physician Fee Schedule that would impact reimbursement would likely be offset by more visits due to expanding insurance coverage of the uninsured population.

### OUTSOURCING TRENDS



### OUTSOURCED EMERGENCY DEPT. MARKET



### RECENT TRANSACTIONS

Month	Acquirer	Company Acquired	Details
September 2009	IPC The Hospitalist Company	Hospital Medicine Associates	IPC The Hospitalist Company has acquired Hospital Medicine Associates (HMA). Based in Livingston, New Jersey, HMA is a hospitalist group that practices at St. Barnabas Medical Center and also provides coverage at skilled nursing and rehabilitation facilities in the surrounding area. HMA is IPC's second practice group acquisition in New Jersey and is expected to add approximately 25,000 patient encounters annually. Terms of the transaction were not disclosed.
August 2009	IPC The Hospitalist Company	Synergy Medical Group	IPC The Hospitalist Company has acquired Synergy Medical Group. Located in Tampa, Florida, Synergy is a hospitalist group that services three acute care hospitals, two long-term acute care hospitals and seventeen skilled nursing facilities in the Tampa Bay area. The acquisition of Synergy will expand Synergy's presence in the Tampa Bay market and add approximately 51,000 patient encounters annually. Terms of the transaction were not disclosed.
July 2009	IPC The Hospitalist Company	Tucson Long-Term Care Medical Group and TLC Pain & Palliative Medicine Practice	IPC The Hospitalist Company has acquired Tucson Long-Term Care Medical Group and TLC Pain & Palliative Medicine Practice (collectively TLTC). The transaction expands the scope of IPC's hospitalist services in Tucson to additional alternative sites of care. To date, IPC's presence in Tucson has focused primarily on acute care hospitals, with a smaller presence in long-term acute care, inpatient rehab, and skilled nursing facilities. TLTC serves over 40 locations including skilled nursing, custodial care, assisted living, and hospice facilities. IPC expects to add approximately 40,000 patient encounters annually from the acquisition of TLTC. Terms of the transaction were not disclosed.