

Chadd E. Pence, CISA
Vice President of Information Systems

iHT2 Spring Health IT Summit

May 12, 2010

Agenda

- About US Physical Therapy
- Decentralized business model
- Our data protection requirements
 - Centralized Management
 - Robust Reporting Capabilities
 - Simplified User Experience
- Selecting and Deploying a Data Protection Solution
- Meeting HIPAA/HITECH Compliance

About US Physical Therapy

Established Company

- 372 outpatient physical and occupational therapy clinics across 43 states
- 3rd largest owner/operator of clinics
- Publicly-traded

Attractive Market Dynamics

- US rehab market = \$10B; ~5% projected annual growth
- Highly fragmented; No company with >6% market share
- Favorable demographics – aging and active population

Proven Business Model

- Driven by organic growth and acquisitions
- 75% of clinics are start-ups; Profitability within 6-12 months
- Partner with experienced physical therapists

Solid Financial Position

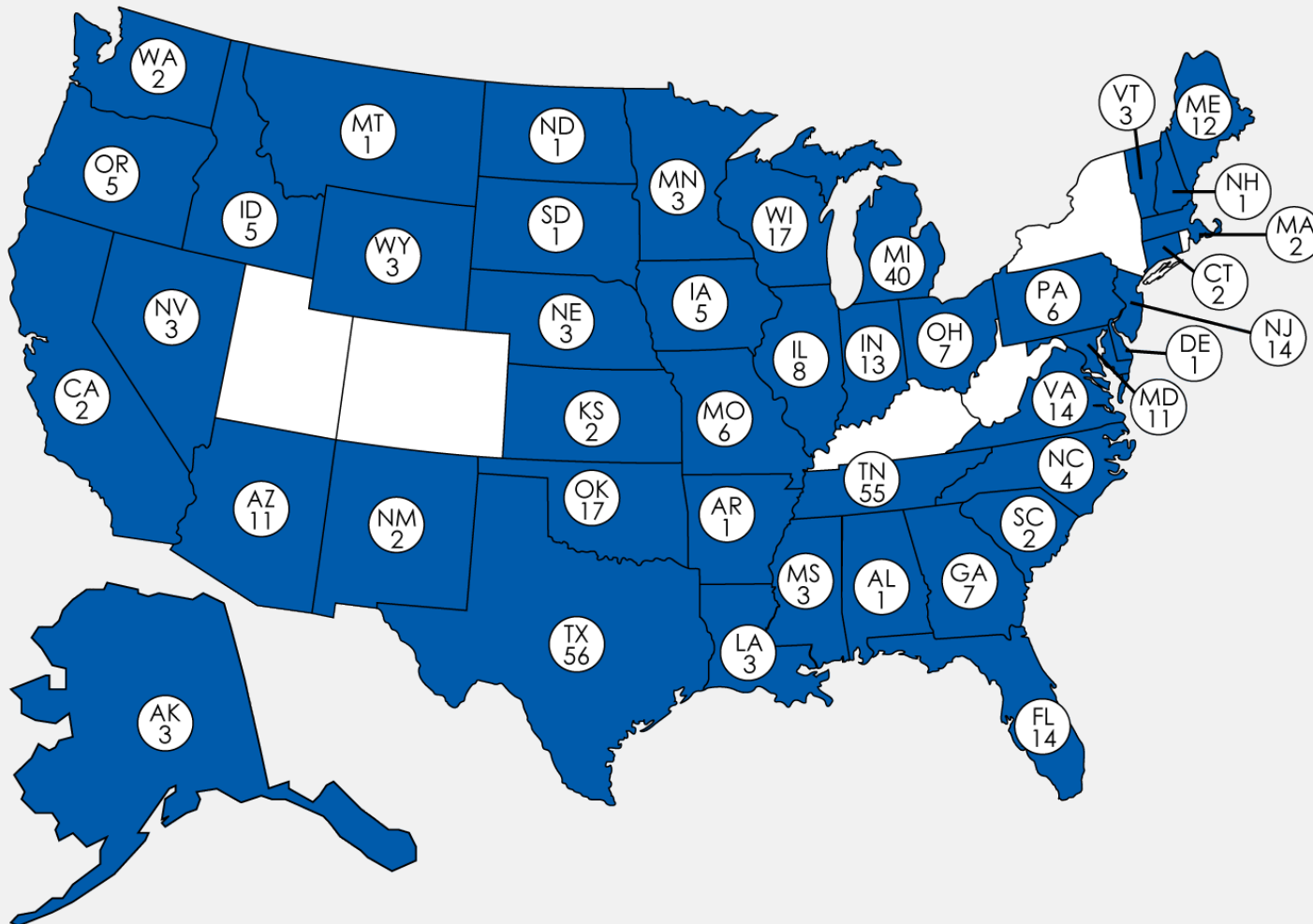
- Diversified payor mix, only 22% of revs from Medicare
- Strong cash flow and balance sheet
- No net debt as of December 2009

Focused Business Model

- Specialize in trauma, sports, work-related and pre and post surgical cases
- Partner with experienced physical therapists
 - Drive volume via referrals
 - Augment sales with marketing reps
- Historical focus on organic growth via lower cost de novo (start-up) clinics
- Start-up clinics normally achieve profitability within 6-12 months
- Strategic acquisitions structured like de novos
 - Significant ownership retained by founders



Decentralized Business Model



372 Clinics in 43 States as of March 1, 2010

Data Protection Requirements

- Centralized Management using Existing Architecture
- Robust Reporting Capabilities for HIPAA Compliance
- Simplified User Experience

Selecting and Deploying a Solution

- Gartner Leadership Quadrant for short list
- Demos to decide on top vendors to test in house
- POC Evaluation in a test environment with project lead person
- Deployment to all laptops and desktops
- Timeframe from beginning of project to complete deployment = 8 months (excluding acquisitions)

Meeting HIPAA/HITECH Compliance

- HITECH equals “Full Disk Encryption”
- Provides “safe harbor” from disclosure to effected individuals
- Penalties are now spelled out for data breaches



U.S. *physical* THERAPY, INC.

NASDAQ: USPH
www.usph.com