

# Associated Pathologists/PathGroup

Working as one, two companies offer one-stop diagnostic services

For proof that Nashville offers the environment for growth of healthcare enterprises, look no further than Associated Pathologists, founded in the mid-1960s by two Vanderbilt University faculty members. The entrepreneurial pair launched their venture to provide laboratory and pathology services for Nashville's first privately owned hospital. Today, Associated Pathologists, headquartered in Nashville, is comprised of 40 board-certified pathologists practicing in Tennessee, Kentucky, Indiana and Illinois.

According to the president and chief executive officer, Dr. Ben Davis, that impressive growth will continue. "Our vision is to be a regional provider of diagnostic laboratory and pathology services. Our areas of growth are services for hospitals, members of hospital medical staffs, surgery centers, clinics, physician offices and the communities at large in both rural and urban areas," explains Davis, who also heads Associated Pathologists' sister company, PathGroup. PathGroup was founded in 1996 to bring professional business management to pathology practices and their laboratories.

Associated Pathologists is owned by and employs physicians who provide cell and tissue diagnostic services. PathGroup does two things: It is a clinical laboratory, handling the laboratory diagnostic services related to blood, urine and other body fluids; yet it's also the business corporation that employs all laboratory staff and professional business managers for both entities. Because Tennessee law won't allow non-physicians to own an enterprise employing the pathologists, PathGroup provides the vehicle for professional business managers to enjoy ownership interest while partnering with pathology practices. Those practices, notes Davis, ultimately save money while improving services via enhanced management, efficient operations, competitive marketing strategies, quality assurance programs and information technology advances. Davis describes the

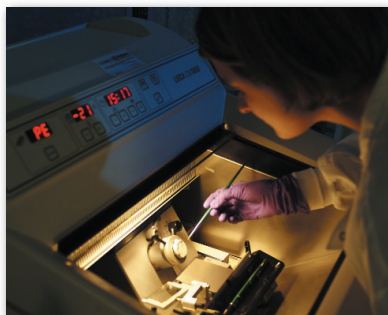


Officers (sitting, l-r): Louis Suttle, COO/EVP, Ben Davis, M.D., President & CEO. (standing, l-r): Russ Tonnies CFO/EVP, John Finney CIO/SVP.

arrangement as "bringing together the qualities of the professional medical practice model with strong and experienced business management."

And it works. Associated Pathologists, in combination with PathGroup acting as one enterprise in the market, has doubled its revenue and, at the same time, increased profitability. "Therein lay the keys to our success. We have professional business management that has the pride and economic interest of ownership, and physicians with the pride and economic interest of ownership. We're a healthcare services provider under physician leadership and control," he says. "While we're two companies, we act as one enterprise working to deliver one-stop shopping of diagnostic services."

Those diagnostic services run the gamut of specialties and subspecialties: clinical laboratory medicine, surgical pathology, cytopathology, dermatopathology, hematopathology, neuropathology and ophthalmology, pediatric and neonatal pathology, gastrointestinal and hepatic pathology, immunopathology, musculoskeletal pathology, immunohematology and blood banking, and autopsy studies. Associated Pathologists' forensic medicine expertise resulted in a subsidiary, Forensic Medical Management Services.



Specialized technology (cryostat) provides rapid diagnosis of cancer in minutes from tissue biopsy specimens

"In 1997, we were asked by Mayor Phil Bredesen (former Nashville mayor, now Tennessee governor) to create a new model for the provision of medical examiner services for the Metropolitan Nashville area. So we formed a private company and recruited quality forensic pathologists," recalls Davis.

"Now Forensic Medical has grown to be the provider of forensic pathology services for most of the Middle Tennessee area and growing," he adds. In fact, Forensic Medical is carving a niche in the pathology arena as one of the very few privately owned and operated forensic pathology services in the United States.

Being privately owned "allows us to control the cost structure and the people involved," says Davis. Because the costs for Nashville's medical examiner services were spread across about a dozen departments, no one knew the price tag, says Davis.

"It was our requirement that we had to have complete control, with very careful government oversight. And it has been extraordinarily successful," he says. "Our premise is that our primary role is the protection and advancement of the public's health. Thus, the communities we serve are our patients."

That overarching premise pervades Associated Pathologists and PathGroup. Services are available 24 hours a day, 365 days a year. Couriers will pick up specimens and deliver supplies daily. Clients expect reports on routine tissue specimens in one to two days, and those reports are delivered daily either electronically or via some other format as chosen by the client. What's more, Associated Pathologists offers expert consultation services to those physicians or other parties who request such services. Additionally, as further evidence of its commitment to quality, all PathGroup laboratories are accredited by the state, the College of American Pathologists, the Joint Commission for the Accreditation of Healthcare Organizations and the Clinical Laboratory Improvement Act. In fact, several of the Associated pathologists are inspectors for the laboratory accreditation program of the College of American Pathologists.

For more information, call 615-221-4455 or join us online at [www.pathgroup.com](http://www.pathgroup.com).