

ETHAN Health, LGC

OPTIMIZING EMERGENCY RESPONSE CARE
THROUGH REMOTE EMERGENCY
TELEMEDICINE



Emergency Medical Service and Hospital Based Emergency Care are worth over \$50 Billion Annually and are Deeply Inefficient



Emergency Medical Services transport approximately 21 million patients per year to overcrowded hospital emergency departments (ED) at an average cost of \$3,500 per visit, including over \$2,100 in transportation alone



Approximately 40% of patients transported by ambulance are non-emergency and could be treated outside of a hospital Emergency Department and only 39% result in admission to the hospital



As much as \$10 billion could be saved in hospital emergency department costs for patients who could be diverted to other lower-cost providers of care such as clinics and other ambulatory care centers

ETHAN: A History

2008 Houston Fire Department (HFD) began a nurse help-line at the Emergency Dispatch Center

Within 3 months, **20% of the calls** were able to be **redirected** to the nurses' call line versus EMS dispatch. However, there were liability concerns related to a no-dispatch approach and 80% of the calls were still being sent back to EMS by the nurses

2014 HFD **launched** Emergency Telehealth and Navigation = **ETHAN + SYNAPSE**

EMS responders in the field, through ETHAN, can connect with a physician via video link and, upon consultation with the patient, present **alternate care and transportation options**

ETHAN is currently deployed in over **200 emergency vehicles** in the City of Houston and is supported by 15 physicians

2020 ETHAN was moved to the highly secure TEAMS platform

ETHAN's current funding source runs out as of February 2025

37K Patients Served by ETHAN since late 2014

>90% success in Ambulance avoidance for low Acuity Patients

\$22 million in Ambulance savings alone since 2014

Average of 44 minutes saved per EMS encounter

Enabled Payor Directed Emergency Response Care away from EDs

ETHAN has become an increasingly critical resource for the Houston Fire Department, especially as the department struggles with a current shortfall of 600 firefighters

Since 2014, ETHAN Created Significant Efficiency and Cost Savings for the COH, Freeing Resources to Serve the City's Most Acute Patients

ETHAN Step-by-Step

- 1 911 Call is Placed and EMS Dispatched
 - 2 EMT Field Acuity Assessment
 - 3 Video Call to ETHAN Physician By Emergency Responder
 - 4 Disposition by ETHAN Physician using SYNAPSE Navigation
 - 5 Directed Care of Patient
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How ETHAN + SYNAPSE Works

ETHAN Provides a Proven and Cost-Effective Telehealth Alternative to Traditional Ambulance Navigation for Other Municipalities Both Regionally and Nationwide



ETHAN's platform could be used for 30%-35% of 911 Ambulances dispatched throughout the USA, equaling 6.3 million potential ETHAN visits per year



This would result in municipalities saving 30% - 40% on ambulance navigation costs, depending on volume and geographic size



EMT visit time for low acuity patients could be reduced with ETHAN by as much as 60%, significantly increasing the capacity of overburdened municipalities

ETHAN Transition to an LGC

- ETHAN has provided a critical service to the City of Houston and its residents since 2014, yet it has struggled to maintain sustainable funding streams
- In order for the ETHAN/Synapse platform to continue to evolve, it needs to do so outside of the natural constraints of COH operations
- Outside of the City, as an LGC, ETHAN will be able market its services to other municipalities, providing the same positive benefits it has demonstrated in Houston
- ETHAN Health, LGC will also be able to partner with Insurance Providers to ensure that ETHAN patients are not only receiving appropriate care, but doing so in ways that are financially beneficial to them and their providers
- Clinics, who meet ETHAN's program criteria, will, as sponsors, have their clinic(s) featured on the ETHAN doctor portal, if approved by ETHAN Health, LGC's counsel
- Through these revenue streams ETHAN Health, LGC will be able to not only derive its own sustainable funding but will ultimately provide sources of funding that will revert back to the COH to support critical areas of emergency care throughout the City



License Fees for Use of the ETHAN Platform

Municipal Governments as Clients will pay:

1. Base license fee for use of the platform and ETHAN Doctors
2. Per incident fee for all patients encounters that result in redirection away from the ED



Directed Navigation Fees for Healthcare Partners through ETHAN

Insurance Partners who are either Payors or Sponsor (i.e.. Clinics or Urgent Care Providers) pay fees for:

1. A pool of Partner Payor covered lives for whom ETHAN provides directed navigation services
2. Ongoing sponsorship referral fees for institutions wishing to be prioritized on the ETHAN platform for ETHAN doctors



Ad Fees for Clinics Featured on ETHAN

Clinics who meet ETHAN program criteria will pay a fee:

1. For being featured on the ETHAN doctor's portal
2. This revenue stream will only be implemented upon approval by ETHAN Health, LGC's Counsel

ETHAN Health, LGC Revenue Streams

ETHAN Health, LGC Board Composition

- The ETHAN Health, LGC Board of Directors will be composed of 7 individuals, 2 of whom will be ex-officio, with diverse backgrounds, expertise, and a shared commitment to serving the community's interests.
- The leadership structure of the Board of Directors of ETHAN Health, LGC consists of several key positions that guide decision-making, oversee operations, and represent the corporation to the community.
- The key roles in ETHAN Health, LGC's board leadership are as follows:
 - ✓ Chairperson
 - ✓ Vice Chairperson
 - ✓ Treasurer
 - ✓ Secretary
 - ✓ Committee Chairs

Documentation Components of the LGC and its Ongoing Operations



LGC Formation Document:

- This document enables the formation of the LGC and outlines its purpose, operational structure, bylaws and board composition and function.



Interlocal Agreement with the City of Houston:

- This document outlines the relationship between the City of Houston and ETHAN Health, LGC as relates to the provision of ETHAN Services and the functioning of the LGC



Licensing Agreement with the City of Houston:

- This document outlines the specific Intellectual Property being licensed by the City of Houston to ETHAN Health, LGC and the terms of that agreement
- These terms include the fees to and revenue share with the City of Houston

- The City of Houston will receive a \$450,000 License Fee per annum as soon as ETHAN Health, LGC has either enough cash reserves for 12 months of operations or when ETHAN Health, LGC enters the 5th year of its operations (whichever is sooner)
- After the milestone in the first bullet is reached, ETHAN Health, LGC will pay 100% of its net revenues to the City of Houston
- ETHAN Health, LGC and the City of Houston will begin to share net revenues once the milestone in the second bullet is met

ETHAN Health, LGC Payment Structure

Reimbursements and
Fees to be Paid to
COH

ETHAN LGC Revenues, Expenses & Profit						
Revenues	Stub Year	Year 1	Year 2	Year 3	Year 4	Year 5
Number of ETHAN Calls	6,700	18,000	25,000	47,500	118,750	201,875
# of ETHAN MDs	13	13	13	18	32	55
Call Capacity #	13,867	20,800	29,250	51,750	128,000	220,000
% Utilization	48%	87%	85%	92%	93%	92%
# of Insurance Providers	2	3	4	6	7	9
# of Non-COH Municipalities Served	2	3	6	8	12	20
# of Sponsors	-	2	3	6	8	10
# of Partner Directed Lives Covered	8,000	12,000	20,000	65,000	90,000	200,000
# of Times Partner Directed Lives Diverted to ED Alternate	5,360	16,200	22,500	42,750	106,875	181,688
# of Times Partner Directed Lives Diverted to Sponsored Alternate	-	1,800	5,000	14,250	41,563	70,656
Synapse Coverage Fees Paid to Ethan by Insurers for Covered Lives	\$ 16,000	\$ 24,000	\$ 40,000	\$ 195,000	\$ 360,000	\$ 900,000
Synapse Redirection Fee to Covered non-ED (Away from ED to UC or CL)	\$ 134,000	\$ 810,000	\$ 1,350,000	\$ 3,473,438	\$ 8,683,594	\$13,626,563
ETHAN license Fees Paid to Ethan by Municipalities	\$ 50,000	\$ 150,000	\$ 300,000	\$ 400,000	\$ 600,000	\$ 1,000,000
Physician Fees Paid By Municipalities (By Volume of Calls)	\$ 33,500	\$ 90,000	\$ 125,000	\$ 237,500	\$ 593,750	\$ 1,009,375
Physician Fees Paid By Municipalities for redirected ETHAN Patients	\$ 125,625	\$ 337,500	\$ 937,500	\$ 2,137,500	\$ 4,453,125	\$ 7,570,313
Number of ETHAN Sponsor Directed Visits	\$ -	\$ 6,480	\$ 9,000	\$ 25,650	\$ 74,813	\$ 145,350
Sponsor Directed Visit Fees	\$ -	\$ 162,000	\$ 225,000	\$ 641,250	\$ 1,870,313	\$ 3,633,750
Net Revenues	\$ 359,125	\$ 1,579,980	\$ 2,986,500	\$ 7,110,338	\$16,635,594	\$27,885,350

ETHAN LCG Preliminary Financial Projections

Revenues

Expenses	Includes Startup Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Full-Time Staff	\$ 724,984	\$ 1,087,475	\$ 1,091,970	\$ 1,370,364	\$ 1,495,882	\$ 1,804,677
ETHAN Doctor Fees	\$ 468,000	\$ 832,000	\$ 1,040,000	\$ 1,707,750	\$ 4,377,600	\$ 7,900,200
Microsoft TEAMS License Fee	\$ 189,467	\$ 284,200	\$ 363,776	\$ 536,091	\$ 857,746	\$ 1,210,936
Microsoft Azure License Fees	\$ 66,667	\$ 100,000	\$ 128,000	\$ 188,632	\$ 301,811	\$ 426,085
IT Managed Sevices	\$ 133,333	\$ 200,000	\$ 250,000	\$ 300,000	\$ 400,000	\$ 500,000
Physician Insurance	\$ 52,000	\$ 78,000	\$ 78,000	\$ 108,000	\$ 192,000	\$ 330,000
Taxi	\$ 144,720	\$ 388,800	\$ 540,000	\$ 1,026,000	\$ 2,565,000	\$ 4,360,500
Clinic Visits	\$ 16,080	\$ 43,200	\$ 60,000	\$ 114,000	\$ 285,000	\$ 484,500
ShiftAdmin	\$ 2,000	\$ 3,000	\$ 3,000	\$ 4,154	\$ 7,385	\$ 12,692
Supplies	\$ 24,000	\$ 36,000	\$ 46,080	\$ 67,907	\$ 108,652	\$ 153,391
Legal and Other Services and Charges	\$ 228,167	\$ 115,000	\$ 132,250	\$ 152,088	\$ 174,901	\$ 201,136
Non-Capital Purchases	\$ 49,333	\$ 74,000	\$ 85,100	\$ 97,865	\$ 117,438	\$ 146,798
Overhead (Travel, Marketing, etc.)	\$ 80,000	\$ 120,000	\$ 120,000	\$ 126,000	\$ 151,200	\$ 189,000
Capital Purchases	\$ 46,667	\$ 70,000	\$ 80,500	\$ 92,575	\$ 111,090	\$ 138,863
Alternate Language Line	\$ -	\$ -	\$ 50,000	\$ 62,500	\$ 78,125	\$ 97,656
License Fee to COH	\$ -	\$ -	\$ -	\$ -	\$ 450,000	\$ 450,000
Product Implementation & Development	\$ 250,000	\$ 200,000	\$ 200,000	\$ 300,000	\$ 350,000	\$ 450,000
Total Expenses	\$ 2,475,417	\$ 3,631,676	\$ 4,268,676	\$ 6,253,926	\$ 12,023,829	\$ 18,856,433
ETHAN PROFIT	\$ (2,116,292)	\$ (2,051,696)	\$ (1,282,176)	\$ 856,412	\$ 4,611,765	\$ 9,028,917

ETHAN Health, LCG Preliminary Financial Projections

EXPENSES & PROFIT

Important Note on Assumptions:

Because ETHAN Health, LGC will be assuming all IT, licensing, legal and admin responsibilities that were previously internal COH functions, all expense assumptions are "retail" costs, therefore at the high end, making them conservative and likely to improve after the LGC is up and running.

ETHAN Health, LGC

QUESTIONS?

