

Assure Holdings Corp. (IONM) CEO John Farlinger on Q1 2022 Results - Earnings Call Transcript

Assure Holdings Corp. (NASDAQ:[IONM](#)) Q1 2022 Earnings Conference Call May 16, 2022 4:30 PM ET

Company Participants

Scott Kozak - Director of Investor Relations

John Farlinger - Executive Chairman and CEO

John Price - CFO

Paul Webster - SVP

Conference Call Participants

Jim Sidoti - Sidoti and Company

Bill Sutherland - The Benchmark Company

Operator

Good day, and welcome to the Assure Holdings' First Quarter 2022 Earnings Conference Call [Operator Instructions]. Please also note this event is being recorded.

And now I would like to turn the conference over to Scott Kozak, Director of Investor Relations. Please go ahead.

Scott Kozak, Director of Investor Relations

Hello, everyone. Thank you for participating in today's conference call to discuss Assure Holdings' financial results for the first quarter 2022. On the call today are Executive Chairman and CEO, John Farlinger; and CFO, John Price. After the market closed this afternoon, the company issued a press release announcing its results for the first quarter 2022. The release and investor presentation are available on the Investors section of our Web site. Before we begin the prepared remarks, I would like to remind you that some of the statements made will be forward-looking and are made under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projected or implied due to a variety of factors. We refer you to Assure's recent filings with the SEC, including our quarterly report on Form 10-K for the fourth

quarter and full year for a more detailed discussion of the risks that could impact the company's future operating results and financial condition.

Also on today's call, management will reference certain non-GAAP financial measures, which we believe provide useful information for investors. For a reconciliation of these non-GAAP measures, please consult the most recently filed 8-K associated with the filing of the earnings release for the three months ended March 31, 2022, which is available on the SEC Web site. Finally, I would like to remind everyone who dialed into the call by telephone, you may want to join our webcast or download our first quarter 2022 earnings presentation on Assure's Investor Relations site found at ir.assureneuromonitoring.com in order to see the slides referenced today. This call will be recorded and made available for replay via link on the company's website.

Now I would like to turn the call over to the Executive Chairman and CEO of Assure Holdings, John Farlinger. John?

John Farlinger, Executive Chairman and CEO

Thank you, Scott. Hello, good afternoon, and thank you for joining us today. Today, we'll provide an update on our recent performance, the progress we've made against our strategic objectives and discuss our vision for sustained rapid growth over the next several years. Select highlights include; firstly, record system-wide collections of \$7.2 million, including a record \$5.6 million from 100% owned Assure professional and technical entities in the first quarter, this was driven by accelerated collections of newer claims and out-of-network settlements on disputed claims; secondly, the continued ramp of our high-margin remote neurology services platform; thirdly, our selection as contracted provider of intraoperative neuromonitoring services for two additional group purchasing organizations; fourthly, adding a 13th state to our operational footprint; and lastly, we added several important new leadership hires that have important skills and experience in scaling emerging growth companies. In 2022, we continue to expect 25,000 plus managed procedures, an increase of more than 40% from 2021. During the first quarter of 2022, we did more than 5,100 procedures, an increase of more than 80% versus the prior year number of approximately 2,800 in Q1 of 2021.

Next, on Slide 4 and 5, I will relate that the current status of Assure's revenue cycle management function and our overall billing and collections efforts. There have been developments that we are really excited about as well as some challenges faced by our revenue cycle management team. I will start with the challenges. Regretfully, we recorded a reserve of \$4.4 million in older receivables. Consistent with longstanding company policy, these claims were automatically written down after reaching the 24-month threshold. There is no excuse for these age receivables to have not been worked in a timely and effective manner and we are accountable for that. We have learned from this experience and setup a tactical team to specifically pursue these reserve claims. The company expects to begin seeing results from these collection efforts in the late second quarter, but significant traction during the second half of 2022. Given the ramp

up, we anticipate that there will be a bad debt charge in the second quarter. This will be smaller than what we experienced in the first quarter, but will still have a material impact.

The net result will be that we expect EBITDA to be negative in Q2. The company expects Q3 EBITDA to be positive and Q4 to be very strong based upon our current forecast. Ultimately, we expect to recover a meaningful share of cash receipts from these fully reserve receivables.

I want to point out that the issue we are experiencing in 2022 is different from Assure's 2021 write down. In 2020, the primary driver was a sharply lower accrual rate of net cash anticipated to be recovered from the cases we performed. The primary driver in 2022 is writing off reserves from an accounting standpoint because they had aged 24 months. We are confident that we will get to the issue from a cash collections perspective, and it will be resolved in the near term.

Paul Webster, who's been with Assure since early 2019, has been promoted to the role of Senior Vice President and will oversee revenue cycle management and this team going forward. Paul has been doing an outstanding job for us from a managed care perspective, overseeing Assure's in-network contracting and billing strategies with external payors. I'm confident the challenge with these aged receivables is an unsolicited issue that will not be repeated. We will not accept this going forward and neither should you.

Moving on to the next slide. While we are experiencing an issue with aged accounts receivable, as you can see on Slide 5, we are also seeing a dramatic increase in current cash collections over a trailing six-, twelve- and twenty-four-month period. Assure achieved a record total collection of \$7.2 million during the period and record collections for 100% owned Assure entities of \$5.6 million in the quarter. Further, for accounts receivable generated from 100% owned entities, Assure is collecting approximately 65% in the first six months after they were issued and 85% in the first 12 months after they were issued. Both of these are record rates for the company. Accelerating our cash flow reduces our need for working capital and also works to minimize reserves for the future.

Taking a holistic look at the business. If you take our net revenue of \$4.7 million and add back bad debt of \$4.4 million, the revenue of the core business, excluding this charge, is approximately \$9.1 million. These accounting charges are not slowing down our belief that we will have a significantly strong second half of 2022. This includes our expectation of reporting positive adjusted EBITDA in full-year 2022, anchored by strong revenue growth, managed case volume expansion, stable accrual rates and our ramping remote neurology platform. Our goal is to become operationally cash flow and EBITDA positive on a full-year basis.

Slide 6, I'll provide an update on our remote neurology business. As you recall, the one-to-many model utilizing remote neurology services is where Assure is pivoting its business. To be clear, Assure neurologists are simply servicing the patient volume we already have established through the managed cases that our technologists already perform. The focus now is simply transitioning Assure's patients onto our remote neurology platform.

As you can see in this chart, we are ramping our remote neurology services rapidly and anticipate performing more than 10,000 cases in 2022. Remote neurology is higher margin than our technology services with receivables that are typically collected with much less friction. The reason Assure's telehealth remote neurology offering is one of the company's most important growth opportunities is because it is higher margin than our technology services with receivables that are typically collected at an accelerated rate.

Next on the Slide 7, you will see our geographic footprint. States in green represent our current operations and those in yellow are locations that we are targeting. In the first quarter, we expanded to Minnesota, our 13th state, and anticipate meaningful growth potential in that market. Looking forward, the single most important catalyst for Assure's expansion is the winning of system-wide hospital facilities contracts.

On slide 8, we highlight our most important system-wide contracts to date. For a number of these, Assure serves as the sole contracted provider of intraoperative neuromonitoring services. The first and largest is with Premier. As we've previously reported, Premier is the second biggest group purchasing organization, or GPO, in the United States with an alliance of approximately 4,400 US hospitals.

In addition, last month, Assure was selected as intraoperative neuromonitoring provider for two additional GPOs, Yankee Alliance and Conductiv. Yankee Alliance is a national health care GPO with over 18,500 members in all classes of traits. Conductiv's membership includes 500 hospitals and surgery centers and more than 50 health systems. To add a bit more color on these GPOs, terms of these agreements were favorable from Assure's perspective. In addition, they provide us with a hunting license to pursue opportunities with their respective networks. For Yankee Alliance, the pricing is entirely pre-negotiated for all their members. We believe this will facilitate more expeditious facility negotiations and implementations. Also, while Conductiv is affiliated with Premier, it includes a sizable number of members that are outside of Premier's network. This provides additional greenfield opportunities for Assure. Further, Conductiv and Yankee employ clinical experts. We will work on Assure's behalf to help us gain access to the facilities in their network. These GPO agreements are consistent with our strategy to build a platform that enables hospitals and medical facilities to outsource intraoperative monitoring services for thousands of procedures annually.

On Slide 9, I wanted to briefly introduce new talent added to Assure's management team. These individuals bring skills and experience that Assure did not have before and

are they poised to make a substantial positive impact on the organization. Brian McDonald is our Vice President of Business Operations, responsible for corporate strategy initiatives to drive growth and improve business performance. He will work to identify, analyze and resolve business challenges and capitalize on new growth opportunities. Before joining Assure, Brian's experience included serving as Chief Financial Officer at Health Fidelity and Chief Operating Officer at Health Language, prior to and following its acquisition by Walters Kluwer Health. Kelly Shelton, is our new Vice President of Sales, overseeing organic growth and channel strategy. Kelly has more than 25 years of experience as a sales leader in the health care industry. Most recently as Vice President at Zimmer Biomet Spine, where he led a team that generated more than \$500 million in annual sales. Before that, Kelly was Area Vice President at Stryker Spine, where he grew strategic accounts and negotiated and closed numerous GPO contracts. Sherri Wagner is our Vice President of Human Resources. Previously, Sherro held multiple HR roles at Fortune 250 organizations, including Amazon and DISH network. Finally, James Watt was appointed to the position of National Technologist Director, ensuring quality of service and overseeing the company's training and development program. In addition, he will play an important role in the establishment of new competencies that will drive Assure's expansion into adjacent markets, such as EEG. James is highly experienced in the intraoperative neuromonitoring industry and maintains extensive relationships with surgeons and hospitals.

Finally, on Slide 10, I want to highlight a few aspects of our ramp in managed cases. The first is, the added scale in terms of managed procedures is critical from both economies of scale and market share capture perspective. Second is the seasonality of our business. We anticipate that the company's managed cases will follow the familiar pattern of the continued ramp-up from the first quarter to a progressively busier second, third and fourth quarters. Similarly, our revenue mix reflects the seasonality, with the first quarter typically representing our highest percentage of cases with patients utilizing government insurance and each quarter after that, seeing the mix become progressively tilted toward more profitable commercial insurance. We anticipate both seasonality trends to continue in 2022. Before handing off to John Price, I wanted to emphasize our confidence and our belief that the opportunities ahead of us with remote neurology services, GPOs, organic expansion in new states, our channel program and our commitment to clinical excellence will lead us to success, both in the current year and in future years to come.

Next, John Price will walk us through the quarterly financial information. John?

John Price, CFO

Thanks, John, and thank you, everyone, for joining us today. On Slide 11, I will provide color on financial results from our first quarter 2022. Assure continued to generate strong procedure growth, up 83% to more than 5,100 cases. However, Assure reported revenue of \$4.7 million, adjusted EBITDA loss of \$1.7 million and net loss of \$2.5 million. The previously mentioned reserve of aged receivables netted against current

quarter revenue negatively impacted our financial results. Further, Q1 typically experiences seasonality due to less favorable revenue mix between government and commercial insurance, which reverses as the year progresses and case volumes increase. Our revenue accrual rate was stable from the fourth quarter to the first quarter reinforcing our business fundamentals. Our operating expenses increased to \$4.8 million compared to \$3.8 million. The company's first quarter operating expenses primarily reflect headcount from growth and M&A.

On Slide 12, I will review Assure's balance sheet and cash flow. We ended Q1 2022 with \$1.7 million in cash compared to \$4.0 million at the end of 2021. Looking forward, we anticipate collections to improve in 2022, driven by our investment in automation, in-network contracting and the benefit of our remote neurology billing. The company's accounts receivable was \$26.5 million, a sequential decrease of approximately \$1.3 million from the fourth quarter 2021. As John mentioned, this was primarily due to the bad debt write-down negating an increase in managed case volume and several million of accounts receivable from our remote neurology business. Despite the accounting charge, which we recognize consistent with the company's policy, we will continue to pursue collecting these age receivables over the balance of 2022 and into 2023 and expect to be successful flowing back a meaningful portion of these reserve claims. The underlying health of the business remains strong, and we will continuously look to streamline the business to run leaner and are committed to running much leaner in the second half of the year. We anticipate the company will be adjusted EBITDA positive for full year 2022 and operating cash flow positive for the full year.

And with that, I'll turn the call back over to our operator for Q&A.

Question-and-Answer Session

Operator

[Operator Instructions] And the first question comes from Jim Sidoti with Sidoti & Co.

Jim Sidoti, Sidoti and Company

So, looking at the quarter, it seems like if you exclude the write-down, you had a quarter with record procedure, record sales and record cash collections. Should I take from this that the pressure from COVID is, at this point, not nearly as significant and that some of your growth initiatives have started to kick in?

John Farlinger, Executive Chairman and CEO

I think you've asked a couple of questions there. Firstly, we're not going to make any excuses on COVID. We're back to normal. We're not seeing any slowdown in any markets right now. There was a brief few weeks in January where we were affected but no excuses. We're pretty much back to normal now on a business basis.

I think your other points are valid. It was -- in terms of our model and our plan and our cadence for the year, we are almost exactly on our target of procedures, targeted revenue and costs. And unfortunately, we took our eye off the ball a little bit on the revenue cycle management team. And certainly, if you want more elaboration, we can talk about that. The issue here is, a meaningful amount of this accounts receivable aged out over 24 months, and to be transparent, wasn't worked to the degree that we normally work our files. In fact, it was -- I think there was a race and a focus to get current accounts receivable worked, invoice collected and we're doing that at a record pace. But our eye was taken off the ball on some of this old accounts receivable. And we setup a tactical team to go after those old accounts receivable.

And like we have in the past, a few years ago, we had a write-down over different reasons in much larger amounts, but we expect to collect a chunk of this accounts receivable. We're not going to commit to how much. But we feel confident that there will be a meaningful amount of this accounts receivable collected over the balance of the year. And I think the other point that I would make is that we see no reason to believe that we're not -- our guidance numbers are still pretty much our guidance numbers, and we're very confident that we're going to move [towards] 25,000 procedures. And we're feeling very good, especially for the second half of the year and the opportunities that are ahead of us right now, particularly the GPO contracts, the remote neurology business and scaling this business. I don't know if that helps. I hope I answered your question there.

Jim Sidoti, Sidoti and Company

So, you've had write-downs in the past, and you've been able to collect obviously a good portion of that. If that happens with these write-downs, will that be applied to the revenue number, and have the expenses already been accounted for?

John Farlinger, Executive Chairman and CEO

These have been written off. So, when we collect on these -- on these old accounts receivable it will be new revenue and income.

Jim Sidoti, Sidoti and Company

Can you talk about Premier, have they been a meaningful contributor as of yet, and has that helped improve your visibility going forward?

John Farlinger, Executive Chairman and CEO

Yes, we're active. We're very active in the funnel on the Premier side. And some of you may have questions about, tell us about Yankee and Conductiv, and how do these pieces fit together. They're all separate entities that work within the Premier umbrella, in many cases, though, with different constituents. So, in the case of Conductiv, although, it's a Premier related company, it has different hospitals and different groups that we're

able to gain access to. Part of our challenge right now is ramping up our sales team and we've made a complete pivot on the sales team. We brought in new leadership. We're continuing to bring in new leadership to drive revenue, and I expect that we'll be making announcements to that effect before the end of Q2.

We've got a pretty good pipeline of opportunities now with Premier. We're doing the same thing with Yankee. We're doing the same thing with Conductiv. And we expect to be closing business in that network, certainly in Q3, maybe earlier. We have a number of opportunities now that we're in negotiation on with respect to these facility agreements. So, I'm optimistic we're going to get one or two of them over the line in the very near future and we expect them to be contributors to the second half of the year in terms of driving scale. The other thing that I'll highlight is that we went over the whole channel strategy in the past and how we can grow that business. We've got over 16 channel partners now working with us, and that's growing. And again, in addition to our organic sales team, I think it's a meaningful impact on the second half of our year and 2023 going forward. So we're very bullish on what we're going to do in the second half of the year.

Jim Sidoti, Sidoti and Company

Now on the expense on Q1 is typically higher on the expense side for most companies as they ramp up for the year. Were there any what you would consider onetime charges in the quarter that you don't think will come into the remaining quarters of the year?

John Farlinger, Executive Chairman and CEO

Q1 is always a unique quarter in that on the revenue side, we generate more of the Medicare-Medicaid cases. We get lower revenue, we have more margin that shifts with the subsequent quarter cascading with a complete shift to the opposite direction by Q4. In Q1, we had an inordinate number of onetime costs, the traditional cost, the audit, NASDAQ, a six-figure investment in software and other consulting fees. So that as you look at Q2, Q3, Q4 and our model, we're actually reducing costs in Q2 with even lower costs in Q3, really an attempt to become leaner over the course of the year. that's a stated objective of ours. We want to run leaner. We believe we can run the leaner, and we're running leaner right now as we unlock costs. And I think as you look at -- I know a big issue here will be, will we run out of money? We're flirting with being cash flow positive now. We're very close. If we want to unwind some more costs, we can get really close to throwing off cash. And our goal is just to run lean going forward and we will. So that's kind of where we're going right now. Q1 was an anomaly. John Price can probably give you the exact number of costs, but I'm not going to guess it was well over probably \$500,000 to \$600,000 of onetime costs in Q1.

John Price, CFO

Jim, I have right around \$800,000 of charges that we don't see really over the course of the year. And as John indicated, it's really around the NASDAQ listing which is upfront,

Q1 completion of our audit, and some IT, we also went live with a new HR system as well. All those costs attributed to the increased expense.

John Farlinger, Executive Chairman and CEO

We made a significant investment in software that Paul Webster is utilizing that allows us to look at every state and to price the reimbursement rates, so we can get a better predictive analysis of every market. So there was a lot of onetime spending, which really brought earnings down further, which won't be continued in Q2 and Q3.

Jim Sidoti, Sidoti and Company

So as procedures grow, do you think you'll achieve positive free cash flow in the back half of 2022?

John Farlinger, Executive Chairman and CEO

That's our expectation, yes.

Jim Sidoti, Sidoti and Company

I mean there's no reason I think that would not continue in 2023 and beyond, right?

John Farlinger, Executive Chairman and CEO

Well, I think you look at the cash flow numbers in Q1 and the success we had, it's being overshadowed by this write-down. But if you look at the chart that we went through, we're collecting 65% of the amounts being billed in six to seven months and 85% in 12 months, that's a radical shift from where we were 24 and 36 months ago. And so you see -- as we can continue to build that and scale it, it really reduces our need for working capital going forward. And ultimately, we feel very confident we're going to be able to drive more business into in-network contracting. The other thing that it does is as you get those types of numbers collected, it brings down your exposure to bad debt in the go forward. The bad debt that we're writing off now really relates to still some of the hangover of 2020 and finalizing that and getting it out of the way. But we're expecting a very strong Q2 in terms of cash collections and we're in the middle of that right now. So it's all about how do we speed up cash flow, how do we become better. And I think as you saw those numbers, there was a radical shift in the cash, which we're collecting -- the rate at which we're collecting cash in Q1, you saw it starting in Q4, and we're very optimistic it's going to continue for the rest of the year.

Jim Sidoti, Sidoti and Company

And then last one for me. On the acquisition front, that's been a big part of your story the last couple of years. I would imagine that valuations on the private side have come down like valuations have for public companies. Are you seeing more opportunities and

are you at a point where you're ready to pull the trigger on another deal this year, or do you think you're still digesting the two deals you did last year?

John Farlinger, Executive Chairman and CEO

We've been active. We probably looked at no less John, than what three to four opportunities. We just -- we haven't been able to get there on price. And I think over the balance of the year, we'll wait for the pricing and the rates to come back to us. Right now, we haven't pulled the trigger on anything but we're going to be patient. That's our strategy and we'll wait. And hopefully, one of the deals will come back to us in terms of the pricing going forward.

Operator

[Operator Instructions] The next question comes from Bill Sutherland with The Benchmark Company.

Bill Sutherland, The Benchmark Company

A couple of questions. First, I wanted to understand a little better why the time -- the experience here with the bad debt from 24 months ago, all kind of piled into this quarter. I would have thought it would be more of a sequential kind of hitting a 24 month trigger?

John Farlinger, Executive Chairman and CEO

Paul, do you want to maybe -- since you did a lot of analysis on this, maybe give Bill a bit more of oversight as to why Q1, what happened and really, what are we doing about it now?

Paul Webster, SVP

Bill, as you look at the aged receivables, we evaluate them in quarterly buckets, and so we start to look at reserves once it gets over a year. And as those age over a year, we began a ramp-up reserve so that by the time we get to 24 months, we have some reserve against those accounts. We began evaluating accounts this way in Q4 of '21 to make sure that we were appropriately reserving these accounts. Going into quarter one, as the accounts receivable moved across the one-year line, we had more reserve that we needed to look at. And we expect, based on what John talked about with acceleration of cash in current months -- in current quarters, we expect that buildup to be significantly reduced once we move beyond Q2 of '22.

Bill Sutherland, The Benchmark Company

So that's the ongoing challenge is the reserving process starting on month 13. But what about the 24-month cliff? It seems like it would have happened again, not just with one reporting period.

Paul Webster, SVP

Well, it was having to do with the particular quarters that we were evaluating as they aged, and so we're focused on 2020...

John Farlinger, Executive Chairman and CEO

Q1 of '20...

Paul Webster, SVP

Yes, Q1 of '20, which was the one that dropped off after 24 months. So as we look at 2020 dates of service, including Q1, we're going after those and we've built a task force. We've assigned an additional 10 individuals to go after those accounts. And so we have been focused on recouping accounts receivable that as we focus on current accounts, we lost sight of. So the first quarter bad debt was related to the movement of the Qs going over the line...

Bill Sutherland, The Benchmark Company

So when you look at 2Q '20 and when it crosses 24 months, how do you kind of size that up?

John Price, CFO

Well, we don't have a number yet, because we're still working in those accounts. And so we're not prepared to give you guidance in terms of the number on that at this point, because obviously we're focused on collecting that as much and quickly as we can.

John Farlinger, Executive Chairman and CEO

I think our position, though, Bill, as we look at it kind of subjectively is each quarter we'll reduce from where we are now. So Q2 will be lower than Q1, Q3 yet lower again. And then by Q4, we'll have worked all these claims. I don't want to beat around the bush on your question. The issue here is if there's a factor of 100 in terms of the work that's needed to be done in a quarter on a certain file, we did a fraction of that work on certain files in Q1 of '20 do we did not realize the yield we want on some of those claims. It happened. We're not running from it. But now we've got a team of people that are set up to get to work, get that yield and try to recover some of that money in Q2, Q3, Q4. Knowing that that happened, we've now got visibility into Q2, so we're working on those claims. Although this team is probably not going to have the impact over 30 or 60 days, they will be able to affect Q3 and certainly Q4 going after all this age they are. At the same time, we're having very good success on the front end in collecting and reducing our exposure going forward, because at the rate we're collecting it, that reserve number is much lower in '22 going out '23 to '24. And so all of these things are happening at one, the reserve is dropping on current accounts receivable, we're collecting at record

amounts. The ball was dropped on the Q1 of '20 accounts receivable, and we've got to collect what we can on that and do the best we can to collect some of that cash.

Bill Sutherland, The Benchmark Company

And just one more, just to clarify one more aspect of this. If you didn't -- if for some reason, you just let it sit. Would the number be as big for the 2Q as bucket as 1Q, I mean, was it that...

John Farlinger, Executive Chairman and CEO

No, it's not...

Bill Sutherland, The Benchmark Company

They weren't aging in past...

John Farlinger, Executive Chairman and CEO

No...

Bill Sutherland, The Benchmark Company

And then can you give me a perspective -- this is the last one, I promise on ARs. The perspective on the improvement in the aging and the collection rate versus, like where were you a year or two ago versus where you are now with six months and 12 months?

John Farlinger, Executive Chairman and CEO

We probably have to give you an analysis of the days outstanding, and we're going to work to get that into our Q2 analysis. Part of going forward is we want to be able to show the market the days outstanding. But clearly, you're seeing it just back of the envelope, just on the velocity of cash. you can see a progressive improvement here. I think what we'll try to do is to show the velocity of cash. We want to do two or three things in disclosure going forward. So the gross revenue less any write-offs, velocity of cash and then days outstanding in an aging of accounts receivable going forward. I think from our perspective, as we look at the balance of '22, we'll see those days outstanding start to decline meaningfully going into Q4. And then by next year, you're going to see a rapid decline, because of the success we've had recently over the last few quarters on cash collections.

Bill Sutherland, The Benchmark Company

And also, I think your in-network percentage will be much higher by year-end, right?

John Farlinger, Executive Chairman and CEO

Yes. We're not talking about that, but we're having some pretty good success. We're having some pretty good success settling these claims, much more than we had hoped from certain payors. And I think it's going to drive a conversation on in-network contracting later in the year.

Bill Sutherland, The Benchmark Company

Is this coming out of the No Surprise Act activity?

John Farlinger, Executive Chairman and CEO

Not yet. Well, we think there's upside to that as well, that will simply be additional pressure on the payors, and Paul is working on that strategy right now. But I think it's more of the tools. We're just getting better at doing it and how we can do it, and we're getting more settlements.

Bill Sutherland, The Benchmark Company

The only number I was kind of scratching my head over in terms of just operations was remote neurology procedures. They were up quarter-on-quarter, just 5% or 6% after being up huge. Is that just a 1Q kind of phenomenon?

John Farlinger, Executive Chairman and CEO

We're expecting a lift going into Q3, Q4. You've got kind of a drop in volume from Q4 to Q1. And so that's part of the equation here. And then you're trying to manage the Medicare-Medicaid claims and the commercial claims with an optimal return on that mix. We're still on track from our perspective to do 10,000 managed procedures this year.

Bill Sutherland, The Benchmark Company

Last one, on the GPO, as you start to get these contracted. Where is the pricing that you've kind of renegotiated or that you're expecting versus your standard pricing? Is it ballpark?

John Farlinger, Executive Chairman and CEO

It's as good or better than what we're getting on average in our current pricing structure.

Operator

The next question comes from Brad Hemmingson with Leede Jones Gable.

Brad Hemmingson, Leede Jones Gable

John, in 2020, it was February that you took over Neuro-Pro, which was your first major acquisition, and that was also the same month that you took over billing completely from Clever Claims. Do you think that this lump of receivables that you had a hiccup on is related to maybe that big basket of accounts receivable you got on Neuro-Pro and taking over your revenue cycle management 100% then?

John Farlinger, Executive Chairman and CEO

It's a component of it, Brad, but we're -- there were two or three things that happened. There was moving everything in house -- that happened at the same time, there was Clever Claims, there was Neuro-Pro there was an outside vendor that was being used by Neuro-Pro, all those factors entered into the discussion. And that's why -- one of the reasons why the Q1 numbers are a little higher than the Q2 numbers and the Q3 because Q2, we had kind of assimilated that data into our own billing team. They all enter into it. But we're not going to use that as an excuse here. We went back, we've looked at the data. All those factors contributed to the write-down. But the reality is there's a few things we could have done better. We're going to do better, and we've got to get this remedied.

Operator

This concludes our question-and-answer session. I'll turn the conference back over to John for any closing remarks.

John Farlinger, Executive Chairman and CEO

All right. Thank you. On behalf of the Assure team, we'd like to thank everyone for listening to today's call. Before concluding, I'd like to add a few last comments. Assure's greatest opportunities going forward include the following: number one, expanding remote neurology services; number two, taking full advantage of our position as a sole contracted provider of intraoperative neuromonitoring services for the Premier network and related GPOs; three, organic growth that extends our reach within the existing states and helps us expand into new states, as well as leveraging more than 16 signed distributor agreements; fourthly, utilizing data, analytics and automation to strengthen revenue cycle management and to facilitate the signing of new in-network contracts; and fifthly and lastly, our desire to run leaner over the balance of 2022 as we move forward in our current business model. With that, I'm going to conclude. We thank you all for your participation and your support, and we look forward to speaking to all of you again during our second quarter 2022 call.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.