

Edited Transcript of IOM.V earnings conference call or presentation 29-Aug-19 3:00pm GMT

Corporate Participants

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* John Allen Farlinger

Assure Holdings Corp. - Executive Chairman & CEO

* Paul Webster

Assure Holdings Corp. - VP of Strategy

* Preston Thomas Parsons

Assure Holdings Corp. - Founder & Director

* Trent J. Carman

Assure Holdings Corp. - CFO

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Conference Call Participants

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* Frank James Takkinen

Lake Street Capital Markets, LLC, Research Division - Equity Research Analyst

* Keith Schaefer; Investing Whisperer; Editor; Publisher; Owner

* Rob Innes; Industrial Alliance Securities Inc.; Advisor

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Presentation

Operator [1]

Good morning, and thank you for participating in today's conference call to discuss Assure Holdings' financial results for the second quarter ended June 30, 2019. Joining us today are Assure Holdings' Executive Chairman and CEO, John A. Farlinger; CFO, Trent Carman; and Assure's Founder and Director, Preston Parsons.

Before we start, please note that remarks on this conference call may contain forward-looking statement about Assure's current and future plans, expectations, intentions, results, levels of activity, performance goals or achievements or any other future events or developments. Forward-looking statements are based on information currently available to management on estimates and assumptions made based on factors that management believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results to differ materially from those expressed or implied by forward-looking statements. As a result, Assure cannot guarantee that any forward-looking statements will materialize, and you are cautioned not to place undue reliance on these forward-looking statements. Except as may be required by law, Assure has no obligation to update or revise any forward-looking statement whether as a result of new information, future events or otherwise. For additional information on these assumptions and risks, please consult the cautionary statement regarding forward-looking information contained in the company's earnings release dated August 29, 2019.

Please note that Assure reports in U.S. dollars, and all dollar amounts to be expressed today are in U.S. currency. I would like to remind everyone that this call will be available for replay through September 12 starting at 2:00 p.m. Eastern today. A link to a webcast replay of this call was also provided in the earnings press release. Any redistribution, retransmission or rebroadcast of this call in any way without the expressed written consent of Assure Holdings is strictly prohibited.

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

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [2]

Thank you, Doug, and good morning, everyone. Also attending from management are Alex Rasmussen, Executive VP of Operations; and Paul Webster, VP of Strategy.

Second quarter 2019 was highlighted by a strong organic growth and continued market expansion. In fact, we experienced 109% increase in managed case volume to a total of 1,466 total procedures, which was a quarterly record. That was a result of growing demand for our

unique capabilities and exceptional quality of service. We continue to pride ourselves on our ability to provide an industry-leading neuromonitoring platform with highly skilled technicians and neurologists.

The record number of managed cases we reported this quarter is reflective of the demands for our services. In addition to organic growth, we've also looked to M&A to help us achieve our goal of greater scale. During the second quarter, we completed the acquisition of Littleton Professional Reading, which is a smaller professional IONM company based outside of Denver that managed approximately 375 spine and neurosurgery cases in 2018.

We used cash on hand to finance the acquisition, and the integration has gone quite smoothly. In fact, we've already successfully collected 60% of what we paid for the business making the acquisition highly accretive. With this acquisition, we also proved that we have the necessary capabilities to successfully integrate a business into our platform and immediately capture revenue synergies. As we move forward, we expect M&A will continue to be a focal point to our growth strategy.

Now I'd like to touch on 2 subsequent events that we announced this morning. Firstly, I've decided to accept the full-time CEO position. Since taking over the interim role a year ago, it's been quite a journey. But we've made excellent progress in building competencies, attracting top management talent and improving the way our organization operates, while at the same time significantly expanding our footprint and growing our managed case volume.

We've done all this without raising any additional capital. I believe that we're just beginning to scratch the surface of what we can accomplish with our platform, and I look forward to leading Assure to its next chapter of growth. Secondly, we announced that we've entered into a joint venture agreement with Clever Claims, the billing and collection partner we began working with in March of this year. We are creating a new in-house billing company called Velocity Revenue Cycle. Since working with Clever Claims, they have exceeded our expectations and have been instrumental in improving our billing and collection processes.

To further bolster this process and make it more efficient, Velocity will handle all of our historical and future billing and collection efforts. Entering into this joint venture is a significant step for us and will provide greater control over the collection process. We believe it will reduce business risk and create greater certainty of a stable cash flow stream going forward.

Next I want to introduce 3 key corporate objectives that we've established as part of our strategic growth plan in the go forward. The first objective is bringing the billing and collection processes in-house. As everyone is well aware, we have experienced issues in this area over the past year. And it's become necessary for us to have more control over the process to ensure that we're adequately collecting cash and all of the cash that's owed to us.

As I just mentioned, we've completed this initiative through the creation of Velocity Revenue Cycle. Going forward, we will be finally in control and have visibility over this critical element of our business. Consequently, we believe that in future quarters we will be able to give the

market more information on this key part of our business. I should also highlight that our team, including Paul Webster, Kelsie Jas and Trent Carman, all have extensive experience in this area and can't wait to be able to move forward with this initiative starting in September.

Our second objective is to develop an in-network revenue stream, which we anticipate will further reduce our outstanding accounts receivable balance and improve cash flow. Providing out-of-network health care services has been challenging. We have a contract with the patient health care insurance company typically because the in-network insurance payment rate is too low or the insurance provider doesn't offer an in-network benefit for the service.

This often results in a much larger revenue collection cycle and often triggers a manual claim review process. Further, insurance companies frequently deny out-of-network claims or pay the patient directly rather than the provider, which is us, for the services. This adds complexity and time to the collection process as a means of applying pressure on health care providers to join their network at a rate that is lower than we have been able to accept.

Because of the challenges of being an out-of-network provider, it's our goal now to begin accelerating an increasing portion of our revenue into in-network contracts. We've made good progress in this as we're currently working on the completion of our first in-network agreement with a major insurance provider, which will likely include provisions for prompt payment, medical necessity, dispute resolution and contracted payment amounts. We anticipate these types of provisions will make the collection cycle shorter and the overall billing process more efficient.

Moving on to our third objective. We intend to scale our platform at an accelerated rate using both organic growth and M&A. We're recently approved to operate in Georgia, Nevada, Arizona and Oklahoma, and we look forward to updating the market as those organic growth opportunities come to fruition. Preston will give you a much more detailed review of these opportunities and other opportunities for revenue growth momentarily.

M&A will also be important. As I mentioned, we've been successful in acquiring and integrating a trusted partner in Littleton Professional Reading during this quarter. We believe we have the necessary road map and management team capable of acquiring businesses efficiently and capturing almost immediate revenue synergies. We'll continue to be opportunistic as we evaluate potential acquisitions going forward.

We believe our organic growth along with the recent announcements lays the foundation for Assure to scale our business into new geographies and surgical verticals. And we have the utmost confidence that the 3 corporate objectives I've just mentioned will drive significant growth and value for our shareholders in the go forward.

Now I'd like to pass the call over to Trent Carman, our CFO, who'll go through the details of our second quarter in detail. Trent?

Thanks, John. Good morning, everyone, and thanks for joining us before the long holiday weekend here.

Before discussing our results in detail, I want to remind our listeners that during the fourth quarter of 2018 we reviewed our collection experience for technical and professional claims and determined that the original estimate of revenue was higher than our actual cash collection experience. As such, we revised our estimate for revenue for each open technical and professional patient downward to the actual cash collection experience.

Due to the entire revenue adjustment being recorded in the fourth quarter of 2018, the operating results for the second quarter of 2018 were not restated. However, we're providing revised pro forma numbers for the second quarter of 2018 to account for the adjustment as if the revenue was recorded at the lower amount for each technical and professional case beginning on January 1, 2018. Further details of these adjustments have been provided in the tables at the end of the earnings press release we issued this morning.

On a going-forward basis, we will be reviewing the cash collection experience for the technical and professional cases at the end of the first 6 months and at year-end. To let you know, we also updated our cash collection experience for technical and professional cases as of June 30, 2019. This update did not result in a material adjustment to our accounts receivable balance or the amount of revenue we recorded during the second quarter of 2019.

Now moving on to results. Total revenue in the second quarter increased 137% to \$8.4 million compared to a revised pro forma revenue of \$3.5 million in the second quarter of 2018. This increase was driven by the continued growth in case volume generated by our existing network. Revenue generated outside of Colorado was 57% of total revenue in the second quarter of 2019 compared to 33% of all revenues being generated from outside of Colorado market in the second quarter of 2018.

Managed case increased 109% to a quarterly record of 1,466 versus 703 in the second quarter of 2018. Gross margins in the second quarter of 2019 increased 720 basis points to 79.2% compared to a revised pro forma gross margin of 72% in the same prior year period as a result of efficiently scaling our revenue in conjunction with significant increases in total revenue.

Total operating expenses were \$2.1 million compared to \$1.2 million in the prior year period primarily due to the hiring of employees to support the company's growth and approximately \$400,000 of incremental share-based compensation. Earnings from equity investments increased 164% to \$722,000 during the second quarter of 2019 versus a revised pro forma of \$274,000 in the second quarter of 2018.

Net income increased 196% to \$4 million or \$0.09 per diluted share compared to a pro forma net income of \$1.4 million or \$0.03 per diluted share in the second quarter of 2018 as a result of the aforementioned increase in revenue. Adjusted EBITDA, as defined in our MD&A, increased significantly to \$5.7 million in the second quarter of 2019 compared to a revised pro forma adjusted EBITDA of \$1.6 million in the prior year quarter. This was a result of significant increase in cases compared to the prior year period.

Turning to our balance sheet. We ended the quarter with \$846,000 in cash compared to \$831,000 at the end of 2018. We also ended the quarter with \$29.8 million in working capital compared to \$22.3 million at the end of 2018. Total bank debt and lease liabilities at the end of the second quarter was \$2.6 million compared to \$861,000 at the end of 2018.

During the 6 months ended June 30, 2019, we received over \$732,000 of distributions from our equity investments. This compares to \$493,000 in the prior year period. Our cash receipts for the first 6 months of 2019 were \$4.5 million compared to \$3.5 million for the first 6 months of 2018. So far during the third quarter, we have collected \$1.7 million. Our current cash balance and working capital position along with the \$1 million operating line that we have at our disposal, we continue to remain confident in our liquidity position.

Now I'll turn the call over to Preston who will go over several initiatives and business development efforts that we expect to continue drive growth for us.

Preston Thomas Parsons, Assure Holdings Corp. - Founder & Director [4]

Thank you, Trent, and thank you, everyone, for attending today's call. I want to highlight some more initiatives we're working on and talk further about how business development is going.

The first initiative I'd like to discuss is our efforts in working towards a Joint Commission accreditation. Joint Commission, or more commonly referred to as JCAHO, is a nonprofit organization that sets the standard for how the best hospitals and medical companies in the U.S. operate. Typically, JCAHO holds organizations to a higher standard than national and state departments of health. Organizations applying for their accreditation must allow JCAHO auditors to thoroughly review among many other things their patient care verticals, record keeping, financial administration, internal quality controls and ethical policies.

There are only a small handful of neuromonitoring companies who have been able to achieve this accreditation. It is an enormous undertaking for an organization the size of ours to prepare for this initial audit from JCAHO. If we're able to achieve this accreditation, it will be further validation to surgeons, hospitals and patients that Assure holds ourselves to the absolute higher standards in the industry. We feel very good about where we are in this process, and we will update everyone when we can about our progress.

Another initiative we have been working on for some time and are getting close to completing is bringing a portion of our professional neurologist oversight services in-house. To-date, we have outsourced this part of the neuromonitoring to trusted partners and have been happy with their service. However, by bringing this part of the service in-house, we'll be able to accomplish a number of positives for the company.

First, we will be able to establish and oversee our own quality controls for the professional neurologist oversight part of our business. This will allow us to create an even higher standard of service for surgeons and patients alike. Secondly, we believe this will be a profit center for us going forward, thus increasing our margins. Right now because we outsource this part of the procedure, it costs us money for this oversight. By bringing it in-house, we should be able to capture that revenue ourselves.

Now turning to business development. Our business development and operations teams are hard at work onboarding new surgeons. In fact, we have new doctors slated to be onboard soon in Michigan, Colorado and Arizona. The doctor partnerships in Arizona will be our first foray into that state. While we continue expansion within the states we're currently operating in, we also have doctors and hospitals at various stages of this development and onboarding process in other new states as well. We look forward to providing further updates to the market on these expansion efforts in the coming months. As you can see, these are just a few of the exciting objectives we have at various stages of completion, and we look to continue building our brand and expanding our footprint around the country.

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

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Questions and Answers

Operator [1]

(Operator Instructions) Our first question comes from the line of Keith Schaefer from Investing Whisperer.

Keith Schaefer;Investing Whisperer;Editor;Publisher;Owner, [2]

A couple quick questions. One, could you speak to -- you're doing mostly spinal stuff now and you guys are talking about potentially doing more cardiovascular, different types of surgeries. Can you give us any kind of update on that? And B, can you give us any idea on the margin difference on your in-house collections versus outhouse collections?

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [3]

Preston, do you want to touch the first question or do you want me to?

Preston Thomas Parsons, Assure Holdings Corp. - Founder & Director [4]

No, happy to. Yes, absolutely. I mean it's part of our plan going forward to expand the verticals like you talked about. Cardiovascular and ear, nose and throat surgeries are 2 that are -- it's an underserved part of the market for neuromonitoring, and we have the capable technologists that can step right into those surgeries and do those. We currently work with the biggest vascular group here in Denver. And we've been able to develop not only a great rapport with them, but some of our -- some of what we're doing with them has really expanded what they are able to do in the operating room. Before they started working with us, they knew some about neuromonitoring, but some of our technologists have been able to educate them further about what neuromonitoring can do for them and their patients, thus it's enabled them to have the neuromonitoring service available for more of their surgeries. And I touched on this last quarter. We actually had some insights from doctors that these are lifesaving things we're doing every day and specifically in those operating rooms. And it's been a great partnership and one that we look to expand not only in Denver but around the country as we create more scale.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [5]

Thanks, Preston. Keith, just to be clear. In addition to spine, we're doing ortho, vascular and ENT procedures now, and we see doing -- continuing to do all of those as we move forward. With respect to your second question, you're right. As we move forward and go in-network, there'll be some downward pressure on revenue. And I have Paul Webster here to my right, and he can talk to this. We don't want to get into the details of the contracts we're negotiating, but I think a 25% reduction would sound about right. However, realize, as we start to get contacted revenue, that revenue becomes much more valuable because of the certainty of

being paid and the certainty of being paid in a timely manner, typically 30 to 45 days. And where I'm going is that we don't envision bringing all of our business in-network. The 12 to 18 months from now, we certainly see a portion of it being in-network really to help smooth our cash flow, to reduce the volatility in cash collections, but ultimately to prompt -- to bring more predictability to our model. I think I'll leave it at that. Paul, do you want to weigh in with any comments?

Paul Webster, Assure Holdings Corp. - VP of Strategy [6]

Yes. Just what I would add to that is that going in-network certainly reduces days sales outstanding in my experience -- significantly reduces that. It also increases the assurance that a higher participation of payment on claims as the process of adjudicating claims is very different in-network versus out-of-network from the payer's perspective.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [7]

Keith, does it answer your question? Or do you have any further comments on that?

Keith Schaefer; Investing Whisperer; Editor; Publisher; Owner, [8]

Yes. So really what I'm hearing is it slightly reduce revenue, but a more certain revenue stream that should result in a higher multiple from The Street. So that's great. Sorry, I guess, my real question was more about in-house billing as opposed to in-network billing. But so just collecting the -- with the Clever Claims JV here, there is a certain amount you have to pay outside billing companies versus in-house. So can you just speak to that a little bit? What do you see is the margin difference and receivable factor?

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [9]

Yes. Good point. So really we're outsourcing it to ourselves going forward. And we don't want to get into all of details on the structure, but suffice to say that we are the majority partner of

that billing entity. And we expect our cost of ownership going forward to significantly be reduced as we go to scale. So I'm happy to take it offline with you, Keith. But essentially now we plan to be up and running next week. Part of that function will be done in Denver, and we staffed up to do that part. It will be done at offices on the East Coast. And we plan to be much more aggressive going forward with respect to appeals, going after payers who are not paying us in a timely manner. And clearly, it's going to give us more visibility into the billing process, the status of our accounts being involved in the negotiation and adjudication of those accounts.

Trent J. Carman, Assure Holdings Corp. - CFO [10]

And one thing, Keith, just for your information. The current fee that we pay for the billing and collection is included in the cost of revenue. So that's where you'll see is the impact of that line item.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [11]

Historically, Keith, that's about 8% of revenue. And our new deal, even with our own billing company, is at 7%. And obviously, if we are the majority owner of that company, we expect our true cost of ownership to be reduced.

Operator [12]

Our next question comes from the line of Rob Innes from IA Securities.

Rob Innes;Industrial Alliance Securities Inc.;Advisor, [13]

Congratulations on the quarter and to John on his appointment. Just a couple things. I was wondering exactly where you are in the new states that you announced a while back in terms of when you'll be making announcements on those. And secondly, I'm wondering what your plans are for U.S. stock listing at this time?

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [14]

Preston, Alex, why don't you give -- why don't you help people where we're at in Arizona, Nevada and Oklahoma?

Preston Thomas Parsons, Assure Holdings Corp. - Founder & Director [15]

Yes. I'll start with Arizona, one of our regional VPs, Tyson has done a great job out there with his first group and an additional couple doctors out there that are in various stages of that onboarding process. Right now, we're currently at the end of that with getting the hospital contracts in place and hiring of the technologists to start there. And just so everybody knows too. One thing that Alex and Stephanie Krouse has done a good job of developing for Assure is we now have a traveling team of technologists. So in these types of instances where we're looking for to hire the best full-time technologists to live in places like Arizona, we can start even earlier by way of sending someone from our travel team who is based here out of Denver to start those cases quicker in places like Arizona. And we've been able to do that so far.

Michigan, we have a couple new doctors coming onboard by way of our other regional VP, Brad Mullens. And he's done a good job of getting those guys up to speed. And that isn't to say there is not challenges for these onboarding process. A lot of times the bottleneck is getting the hospital contracts in play. And so we're working diligently with these -- Alex Rasmussen has done a great job working diligently with these hospitals to get that done as quickly as possible. But that's usually our hold up when we're going in new areas. As far as Oklahoma is concerned, that's a large opportunity for us. George Sims has good connections there through a large distributor. And I would say that those -- that Oklahoma is probably third of those 3 states I mentioned as far as when we'll be onboarding new surgeons.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [16]

Rob, just to summarize. We have doctors that we're engaged with now in each of those states. And really it's a case of onboarding now in the hospital contracts that are funding tax, et cetera. So you can expect to seeing news on each of the 3 states over the next quarter in terms of expansion.

Rob Innes;Industrial Alliance Securities Inc.;Advisor, [17]

Did you mention Nevada at all?

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [18]

Nevada is a state where we're actively engaged with at least one doctor right now in terms of bringing him on. And another one is a close -- he has a relationship with one of our Board members. And I think we feel pretty optimistic that something is going to happen there in the third or fourth quarter as well.

Rob Innes;Industrial Alliance Securities Inc.;Advisor, [19]

Okay. And...

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [20]

With respect to your second question on the filing of an S-1, it's something that we're exploring right now, and we are making plans to move that forward. Realistically, it's probably going to be early 2020 as we start to embark on to the plan that we look for. We have engaged counsel. We have been speaking with investment banks about a move in that direction. I think it's going to be a busy fourth quarter for us, but you never say never. I think to a degree, it will depend on timing. It will depend on where we are. And it will depend on our needs for capital. But it's not something we're not thinking about, and those discussions are happening every month now as we look to scale and we look to increase liquidity for the company.

Rob Innes;Industrial Alliance Securities Inc.;Advisor, [21]

Okay. Stock is up about 24% today, so great results.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [22]

Thanks, Rob, and thanks for all your support.

Operator [23]

Our next question comes from the line of Frank Takkinen from Lake Street Capital Markets.

Frank James Takkinen, Lake Street Capital Markets, LLC, Research Division - Equity Research Analyst [24]

I was just hoping you could touch on the in-network opportunity a little bit more. And just if you could walk us through the process of what it takes to become in-network and how quickly you do believe some of this revenue could transition into this area? I know you focused on that 12 to 18 months initial guidance or commentary, per se, but just walking us through the process would be great.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [25]

Great question. I'm going to let Paul Webster walk you through really our plan right now. And he's -- Paul, maybe walk for the group through your background, experience and really what our plan is for the next 12 to 18 months.

Paul Webster, Assure Holdings Corp. - VP of Strategy [26]

Yes. Sure. Thank you. So I have a background in negotiating with the insurance companies for commercial in-network deals across the country with large payers. And from my experience, it does take time and each deal is a little bit different. When you're negotiating an in-network contract, as they say, when you've negotiated 1 in-network contract, you've negotiated 1 in-network contract. So each one is a little bit of a different dynamic depending on the market presence of the payer, depending on who you are negotiating with, et cetera. But there are 3 different approaches to negotiating in-network contracts. One is really a collaborative approach where you have a payer who has reached out and who's interested in bringing you in-network for various reasons that they have in their market, and they've got certain pressures on their side to bring in-network. And we have experienced that.

Another approach is where we analyze reimbursement trends and the participation trends and see an opportunity that by bringing a payer in-network we can decrease the days sales outstanding and increase the participation. So we do analytics around that and focus on payers that would be a great opportunity for us. And then there is another approach, and that is one we like to avoid. And that is if we're in conflict with the payer, then we engage in a process of bringing leverage of outside parties to try to come to some kind of a deal going forward. So all of those are different approaches that we could take, and the process does take time. Some negotiations go quickly. Some negotiations go a little longer. But I will say that we'll never sign a deal that doesn't make sense for us. So we're not rushing to go into network just to go into network. We think it makes sense to do this, and we will do it as it's accretive.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [27]

Without going into detail or mentioning names, you can probably state that we're -- we think we're at the final stages of negotiating our first deal now.

Paul Webster, Assure Holdings Corp. - VP of Strategy [28]

Right. So we have essentially come to terms and are in the process of executing our first in-network agreement with a major payer that has national presence. And so that's very exciting for us, and that will be sort of a watershed event that we can use to approach other payers.

Frank James Takkinen, Lake Street Capital Markets, LLC, Research Division - Equity Research Analyst [29]

Okay. That's great. And then just a higher-level question for me, guys. So in regards to the competitive landscape, what do you guys feel -- can you touch on what you feel are the key things from both a product and a service perspective that set you apart from your other competitors?

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [30]

Sure. Well, firstly, we are a service company. But maybe, Preston, do you want to -- maybe lead off a little bit? You touched on some of the issues briefly in your narrative of what sets us apart as a service company from our competitors.

Preston Thomas Parsons, Assure Holdings Corp. - Founder & Director [31]

Sure. Yes. I think first and foremost is the ability of our technologists. Without it -- I don't want to speak poorly of other companies, but I will say generalizing here that a lot of companies out there kind of have technologists with skill sets that are all over the place. So they might have some of the smartest technologists in the industry, and they might have some that are just starting off and don't even have the CNIM accreditation. So it's a little bit of a mixed bag when some of these doctors work with other companies. And secondly, when I started the company, what I really saw was a lot of these other companies were really just more or less sending whoever was available that day into a doctor's surgery. And I saw the challenges it presented to the doctors in the OR during those surgeries.

And it was clear to me that if we could match up one technologist with one surgeon and make that technologist part of that surgeon's team it would make his life a lot easier. And that funnels down to the patient care part of things. I like to first and foremost talk about our service level as what's setting us apart. And the other side of that -- the other part of the coin here is our relationships with the doctors. Our focus is in the relationships with surgeon. A lot of other companies, namely some of the bigger ones, their focus is the relationship with hospital and getting insider hospital contracts, and therefore they don't have that touch -- individual touch with the surgeon. And kind of through those -- some of those points I just spoke of it really funnels down to the patient care part of thing. So our focus is establishing a relationship with a surgeon and getting that surgeon hooked up with the best technologist we can hire and that all results in the best patient care.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [32]

I think the only thing I would add to it -- thanks, Preston, it was great -- is that really our commitment to excellence here. And how you maintain that is, number one, you hire the best people. You train and develop them, and that's a continual training and development on an annual basis. We have a significant budget for that going forward, and that's reinforced. And then lastly, you want constant feedback from your doctor and surgeon partners. So that if there is an issue, we're moving quickly to remediate and resolve it. And we had 2 of our top doctors in the office last week who reinforced all of this and outlined the progress we've made in its journey. We are continuing to push our people through testing, training, development and making sure that all of them are either accredited or moving towards an accreditation going forward.

Frank James Takkinen, Lake Street Capital Markets, LLC, Research Division - Equity Research Analyst [33]

That's great. And congratulations on all of the progress.

Operator [34]

There are no further questions in the queue. I'd like to hand the call back over to Mr. Farlinger for closing remarks.

John Allen Farlinger, Assure Holdings Corp. - Executive Chairman & CEO [35]

All right. Thank you to everyone on the call. I think it's been a -- it's certainly been a challenging year for our business. But looking back and looking at where we are, I think, as a team and as a Board, we're very proud of where we are. And we've been able to weather some challenges. And frankly, we see nothing but opportunity right now as we move a big part of our business and take control of the ability to process going forward, as we move toward bringing part of our business in-network to reduce risk. And lastly, we see nothing but opportunity to grow, to continue to acquire some of our undercapitalized competitors.

I think the balance of the year will be very strong for us. We're expecting a very strong third and a particularly strong fourth quarter in terms of volume, procedures and growth. AR will continue to be a challenge, but that's a challenge for everyone in the industry. I think for the first time, we will have access to data and information, which we believe is critical when we go forward. We've got a strong partner, and we have a team here that's capable of taking on this challenge and resolving it and really wrestling with this and winning that battle over the next 12 months. So thank you for your support. I think the balance of the year should be very good for us, and that we look forward to continuing to share positive results with you. Thank you.