

Graymark Healthcare Reports Full Year 2010 Results

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OKLAHOMA CITY, March 28, 2011 /PRNewswire/ -- Graymark Healthcare, Inc. (Nasdaq: [GRMH](#) [1]), the nation's second largest provider of diagnostic sleep services and an innovator in comprehensive care for obstructive sleep apnea (OSA), reported financial results for the fiscal year ended December 31, 2010.

Net revenues in 2010 increased 30% to \$22.8 million from \$17.6 million in 2009 (as adjusted for the discontinued operations of the company's retail pharmacy business). The annual increase is primarily attributable to realizing a full year of operating revenue amounting to \$6.7 million from the Somni and Eastern acquisitions completed in August and September of 2009, respectively.

Revenue from the company's sleep diagnostic business increased 27% to \$17.2 million in 2010 from \$13.5 million in 2009. The increase was primarily attributable to the 2009 acquisitions, partially offset by lower revenue from existing operations. The lower revenue was due to the company's previously announced strategy to transition from being an out-of-network provider to entering into in-network agreements with third-party payers. This transition provides Graymark the opportunity to lower administrative expenses and accelerate the receipt of reimbursement payments, resulting in improved cash flow. Additionally, the company believes that by significantly lowering patient out of pocket costs as a result of being in-network, Graymark will also be able to increase the volume of patients serviced at the company's independent sleep care centers. This transition is expected to be completed by the end of the first quarter of 2012.

Revenue from Graymark's sleep therapy business in 2010 increased 37% to \$5.6 million from \$4.0 million in 2009. In addition to contributions from the 2009 acquisitions, the annual increase was attributable to increases in both setup and resupply volumes, with resuppl

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