Original Application

UCH Vascular Access ASC

CN1704-013

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

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CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

UCH Vascular Access ASC
Name

6490 Mt. Moriah Road Extended, Suite 202
Street or Route

Shelby
County

Memphis
City

TN
State

38115
Zip Code

Website address: https://www.freseniusvascularcare.com/center-tn-university-vascular-access-care.php

*Note: The Facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Michael D. Brent
Name

Partner
Title

Bradley Arant Boult Cummings LLP
Company Name

mbrent@bradley.com
Email address

1600 Division Street,
Street or Route

Nashville
City

TN
State

37203
Zip Code

Legal Counsel
Association with Owner

(615) 252-2361
Phone Number

(615) 252-6361
Fax Number

NOTE: ***Section A*** is intended to give the applicant an opportunity to describe the project. ***Section B*** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on ***8/A" X 11" white paper, clearly typed and spaced, single or double sided, in order and sequentially numbered. In answering, please type the question and the response.*** All questions must be answered. If an item does not apply, please indicate *"N/A" (not applicable).* ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.***

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

1) Description - Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

RESPONSE: UT Medical Group, Inc. ("UTMG"), is a Tennessee nonprofit corporation with a 501(c)(3) designation from the Internal Revenue Services. UTMG is the sole member of UCH Vascular Access ASC, LLC (the "Applicant"), which is seeking a certificate of need for the establishment of a single-specialty ambulatory surgical treatment center (the "ASTC") to be located in Memphis, Shelby County, Tennessee. The ASTC will be in an existing building, in a suite which is currently used by UTMG as a physician office based outpatient center specializing in vascular access care for patients in the greater Memphis area. While the center offers varied vascular access and related procedures, it specializes in management and maintenance of End Stage Renal Disease patients' vascular accesses necessary for life-sustaining hemodialysis treatments. Many of these patients receive periodic hemodialysis treatments at the dialysis center known as Fresenius Kidney Care Mt. Moriah, which is located near the proposed ASTC. The ASTC will have one (1) operating room (an "OR") and one (1) procedure room (a "PR"). The suite the ASTC will occupy currently houses two treatment rooms, one of which will become the OR and one of which will become the PR. The ASTC will be managed by Fresenius Vascular Care Memphis MSO, LLC, which is an affiliate of Fresenius Kidney Care Mt. Moriah.

For individuals with complete kidney failure—*i.e.*, End Stage Renal Disease ("ESRD")—dialysis is required, absent a kidney transplant, for the patient's survival. Hemodialysis, the predominant dialysis treatment modality, requires a vascular access: a shunt that enables a dialysis machine to access a patient's blood and facilitate the removal and filtration of the blood before it is returned to the patient. While indispensable to hemodialysis treatment, vascular accesses have very high dysfunction rates; thus, management and treatment of vascular access complications is critical to an ESRD patient's plan of care. The ASTC will provide a full range of vascular access services necessary for ESRD patients, including the surgical creation of the patient's vascular access; will optimize the accessibility, convenience, and quality of vascular access care for ESRD patients; and will improve clinical outcomes. This project is required to continue UTMG's proven care model, as its continued operation as a physician office based ESRD access center is no longer a sustainable model due to changes being initiated by Medicare, which is the primary source of payment for most ESRD patients' care.

Historically, dialysis access creation and maintenance required inpatient surgery. Since the early 2000s, however, dedicated physician office based vascular access centers have provided much-improved access to care, allowing patients with a dysfunctional access to receive interventional treatment and return for dialysis within hours. While vascular access centers are a demonstrated superior care model, their continued operations are not sustainable in light of the changes in Medicare. Despite the proven track record of purpose-built ESRD vascular access centers, that care model is now evolving toward an ASTC-based service in response to the changing Medicare requirements for ESRD vascular access procedures.

Absent the ESRD-focused ASTC, dialysis patients will be forced to receive surgical interventions in the hospital. This will lead to additional demand on valuable hospital resources, which will come with increased costs for patients and the health system overall. In addition, the hospital may be a less efficient and less effective environment for these services because hospitals are not designed to optimally respond to the unplanned though non-emergent nature of hemodialysis access procedures given the broad scope of care they provide. In a hospital environment, ESRD patients in need of vascular access maintenance do not typically present as emergent cases, leaving these patients at the mercy of numerous layers of hospital bureaucracy and administration and unknown variables affecting hospital scheduling and case turnover,

all of which can result in long delays in access to necessary care for the hemodialysis patient. Not only can this put the patient's health at risk, but it can also compound the already vast investment of time the ESRD patient must commit to life-sustaining dialysis treatment.

A recent study comparing ESRD patients of Fresenius Kidney Care ("FKC") who received vascular access care at a Fresenius Vascular Care ("FVC") affiliated access center to patients who received vascular access care from hospitals or other vascular access centers, or who received no care at all, found that the FKC hemodialysis patients exhibited 33% lower 6-month mortality. Development of the Applicant's proposed ASTC and the resulting improvement in access will offer an important opportunity to improve the hemodialysis patient's quality of life.

2) Ownership structure;

RESPONSE: The Applicant is wholly owned by UT Medical Group, Inc. ("UTMG"), a Tennessee nonprofit corporation with a 501(c)(3) designation from the Internal Revenue Service.

3) Service area;

RESPONSE: As the ASTC will be replacing and enhancing the services currently provided in a physician office based outpatient vascular access center ("VAC"), the Applicant's primary service area will mirror that of the VAC with no anticipated changes. The VAC's, and thus the Applicant's, service area is comprised of the following counties: Shelby County, Tennessee, and DeSoto, Marshall, and Tunica Counties, Mississippi (the "Service Area"). Over 85% of the patients who received care in the VAC in 2016 are from the four counties listed above.

4) Existing similar service providers;

RESPONSE: There are 28 ASTCs currently operating in Shelby County according to the database maintained by the Tennessee Department of Health. However, according to information obtained by the Applicant, only two of those ASTCs routinely perform surgeries and procedures of the type proposed for the Applicant's ASTC. Additionally, the Applicant believes there are 4 other physician office based outpatient center specializing in vascular access in the greater Memphis area. As the Applicant's ASTC will be replacing the existing VAC, the Applicant finds the VAC's utilization to be a reliable predictor of the Applicant's utilization once the ASTC is operational.

5) Project cost;

RESPONSE: The estimated project cost is $2,144,000. The project does not involve any new construction, but will require an upgrade of the HVAC system and minor renovation of some existing areas. The following costs make up the total project cost:

Building Lease (approximately 8 years): $1,300,000*
Upgrades and Renovation: $75,000
- Furniture, Fixtures, Equipment: $514,000
- Legal, Consulting and other Professional Fees and Costs: $140,000
- Contingency: $100,000
- Filing Fee: $15,000

*According to the records of the Tax Assessor of Shelby County, the total appraised value for the buildings at this location is $2,596,900, and those buildings contain 43,200 square feet ("SF") of space. Suite 202 is 7,246 SF, making the allocable share of the appraised value $435,557. In accordance with the rules of the Agency, the project cost is computed with the higher of appraised value or rent to be paid during the lease term. As to the lease, there will be less than 3 years remaining on the current lease term, at $10,265.17

per month, and a 5 year renewal option at "fair market value." Based on what the Applicant believes fair market value will be at the time renewal option is exercised, the anticipated rent (combining the remaining term of the current lease and 5 years under the renewal option) for that total period will be approximately $1,300,000. Thus, computing the project cost with the higher of appraised value or rent to be paid during the lease term, the amount of $1,300,000 has been used.

6) Funding;

RESPONSE: The vast majority of the Project Cost is the rent expense, to be paid monthly as an operating expense, and the value of the equipment, which is already owned by the Applicant's parent entity, UTMG. The other costs associated with the implementation of the ASTC are minimal, and will be funded through cash reserves of UTMG.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE: If approved, the project is expected to be operational within 6-8 months and is expected to be profitable in the first year of operation.

8) Staffing.

RESPONSE: The Applicant, as an affiliate of UTMG, intends to staff the ASTC with the clinical personnel currently staffing the VAC, which has successfully recruited and retained qualified personnel.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the Service Area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

RESPONSE: The intent of this Application is to shift the services currently performed in the VAC to the ASTC in order to meet the requirements of changes being initiated by Medicare, which is the primary source of payment for most ESRD patients' care. The existing VAC has historically served the diverse patient population in the greater Memphis area. Just over 50% of ESRD patients in Tennessee (50.7%) are African American. Tennessee's ESRD patients also represent wide range of incomes and ages, including a significant percentage (56.3%) aged 60 or older. The demographics of the greater Memphis area set forth in this application clearly show that this Service Area experiences a higher percentage of ESRD than the state as a whole.

While the Applicant's proposal would add one OR and one PR in the Service Area, the Applicant anticipates this ASTC will be used primarily by patients currently utilizing the VAC, rather than those currently obtaining services at an area ASTC, and will not have a negative impact on any other providers. Combined with nearby Fresenius Kidney Care Mt. Moriah and its dialysis services, the ASTC proposed by the Applicant will allow for the provision of services to ESRD patients in the Service Area in the most efficient manner possible and help keep this vulnerable patient population's vascular access care and dialysis treatments out of the hospital setting.

The Applicant will operate under the same management as the VAC has historically operated, with assistance from Fresenius Vascular Care Memphis MSO, LLC, which is an affiliate of Fresenius Medical

Care North America (FMCNA), and its global parent company, Fresenius Medical Care AG & Co. This network of companies assists in providing care to improve the quality of life for nearly 200,000 people every day.

2) Economic Feasibility;

While Year 1 can result in loses for many applicants due to a "ramp-up" period, that will not apply to the Applicant's project. The Applicant's projected caseload of more than 3,500 cases in Year 1 and subsequent years will generate positive cash flow, including during Year 1. The initial project cost is minimal and will be funded by cash reserves from the Applicant's parent entity.

3) Appropriate Quality Standards; and

RESPONSE: The Applicant will seek accreditation from The Joint Commission and will maintain a high standard of care for its patients. The VAC has been successfully providing quality services to ESRD patients in the Service Area for many years, and, if approved, the ASTC will do so as well. Integrating the full spectrum of vascular access services (from surgical access creation through full vascular maintenance) in the more regulated and Medicare-certified ASTC setting will provide better access and coordination across the continuum of the ESRD patient's care.

4) Orderly Development to adequate and effective health care.

RESPONSE: As the ASTC will replace and enhance the services currently provided in the physician office based outpatient vascular access center, this project will continue UTMG's proven care model for adequate and effective health care. Continued operation as a physician office based ESRD access center is no longer a sustainable model due to changes being initiated by Medicare, which is the primary source of payment for most ESRD patients' care. Approval of this application will allow the Applicant to ensure that the health care options available in the Service Area accurately reflect the needs of the community and the health care industry, transitioning a proven care model into an environment that can enhance patient outcomes while keeping the overall health care spending for ESRD patients down by avoiding needless hospital admissions.

The Applicant's proposed integration of vascular access creation and vascular access management into an ESRD-focused ASTC, with care overseen and delivered by one integrated team of access specialists, will enhance coordination of a crucial aspect of the ESRD patient's care and avoid fragmentation of the ESRD patient's already complex treatment plan at a time when all signs in the health care industry point to coordination of patient care. This integrated care model will not only enhance the overall care available in the greater Memphis area for ESRD patients, but it will also better position this region's combined health care system to reduce the total cost of care attributable to these patients.

According to the United States Renal Data System, ESRD beneficiaries comprised less than 1% of the Medicare population in 2014 but accounted for an estimated 7.2% of all Medicare fee for service spending, totaling over $32.8 billion. Because most ESRD patients have complex health needs, multiple co-morbidities, and are heavy users of prescription drugs, they often must engage multiple providers, resulting in significantly higher per-patient costs of care across the health care system. These studies have shown that a typical ESRD patient costs the health care system nearly ten times more than the average Medicare patient. The systemic demand for increased efficiency drove vascular access maintenance procedures from hospital settings to physician office settings, resulting in improved accessibility and quality while lowering overall costs for payors. Now, the efficient and proactive treatment of the vasculature of hemodialysis patients—essential to reduce the burden on Medicare and other payors and the health care system generally—can only subsist, and progress, in an ESRD-focused ASTC.

The care model utilizing the ASTC proposed by the Applicant is in line with CMS' ongoing efforts to reduce the cost, and manage the care of, ESRD patients. By optimally matching specialized resources to ESRD

patients' medical needs and eliminating the risks and challenges associated with the unnecessary use of inpatient resources, the Applicant's conversion to an ESRD-focused ASTC will generate additional cost savings both to the patient and the health care system in general by reducing hospital admissions and readmissions and improving patient outcomes.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.
A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: The Applicant is not requesting placement on the Consent Calendar.

4. SECTION A: PROJECT DETAILS

A. Owner of the Facility, Agency or Institution

UCH Vascular Access ASC, LLC Name		(901) 366-5479 Phone Number
6490 Mt. Moriah Road Extended, Suite 202 Street or Route		Shelby County
Memphis City	TN State	38115 Zip Code

B. Type of Ownership of Control (Check One)

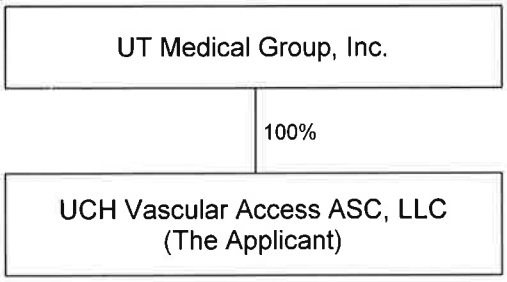
A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	X
D. Corporation (For Profit)		I. Other (Specify) _____	
E. Corporation (Not-for-Profit)			

Attach a copy of the partnership agreement, or corporate charter and certificate of *corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at https://tnbeartn.gov/ECommerce/FilincrSearch.aspx.* **Attachment Section A-4A.**

RESPONSE: *Please see* **Attachment A-4A**.

Describe *the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.*

RESPONSE: The Applicant is wholly owned by UT Medical Group, Inc. ("UTMG"), a Tennessee nonprofit corporation with 501(c)(3) designation from the Internal Revenue Service. UTMG has no direct owners. The ownership structure and relationship of these entities is depicted below.



5. Name of Management/Operating Entity (If Applicable)

Fresenius Vascular Care Memphis MSO, LLC
Name

52 East Swedesford Road, Suite 110
Street or Route

Chester
County

Malvern
City

PA
State

19355
Zip Code

Website address: www.freseniusvascularcare.com

For new facilities or existing facilities *without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.* **Attachment Section A-5.**

RESPONSE: *Please see* **Attachment A-5**.

6. A. Type of Ownership of Control (Check One)

A. Ownership	_____	D. Option to Lease	_____
B. Option to Purchase	_____	E. Other (Specify) _____	_____
C. Lease of __8__ Years	__X__	_____	

RESPONSE: The Applicant intends to utilize the remaining term of the existing lease dated March 19, 2009 (expiring in approximately 3 years, on May 16, 2020), and exercise an option to renew contained in the lease for 5 additional years (May 17, 2020 – May 16, 2025). Please note that, pursuant to Section 3.5 of the Management Services Agreement (*see* Attachment A-5), the Applicant's management services provider, Fresenius Vascular Care Memphis MSO, LLC, must "make available for use by [the Applicant] the premises of the Access Center[.]" Accordingly, the lease agreement for the Applicant's facility is between Fresenius Vascular Care Memphis MSO, LLC and Ruiz-Hernandez Properties (owner of the property).

Check appropriate line above: *For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements* ***must include*** *anticipated purchase price. Lease/Option to Lease Agreements* ***must include*** *the actual/anticipated term of the agreement* ***and*** *actual/anticipated lease expense. The legal interests described herein* ***must be valid*** on the date of the Agency's consideration of the certificate of need application.

RESPONSE: *Please see* **Attachment A-6A**.

6B. Attach **a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site** on an 8 1/2" x 11" sheet of white paper, single or double-sided. ***DO NOT SUBMIT BLUEPRINTS.*** Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must include**:

   a. Size of site (**in acres**);

   b. Location of structure on the site;

   c. Location of the proposed construction/renovation; and

   d. Names of streets, roads or highway that cross or border the site.

RESPONSE: *Please see* **Attachment A-6B1.**

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 $^1/_2$ by 11 sheet of paper or as many as necessary to illustrate the floor plan.

RESPONSE: *Please see* **Attachment A-6B2.**

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: The proposed site is located at 6490 Mt. Moriah Road Extended, Memphis, Tennessee, which is on the Memphis Area Transit Authority (MATA) Mt. Moriah Bus Route, #21. This location is also accessible by residents of Shelby County and neighboring areas from Interstate 40 via Highway 385 at Exit 17 and Kirby Parkway (approximately 3.0 miles away). The facility is easily accessible to all patients. The building has a ground-level entry door that is wheelchair accessible and there is an elevator to the second floor, where the Applicant's suite is located. The elevator is large enough to accommodate wheelchairs or stretchers. The center is connected to two dialysis facilities, providing patients of those adjoining facilities nearly immediate access. An emergency exit is also available. *Please see* **Attachment A-6B3.**

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

7. Type of Institution (Check as appropriate--more than one response may apply)

A. Hospital (Specify) _____ _____
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty __X__
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____
H. Nursing Home _____
I. Outpatient Diagnostic Center _____
J. Rehabilitation Facility _____
K. Residential Hospice _____
L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____
M. Other (Specify) _____ _____

Check appropriate lines(s).

8. Purpose of Review (Check appropriate lines(s) - more than one response may apply)

A. New Institution __X__
B. Modifying an ASTC with limitation still required per CON _____
C. Addition of MRI Unit _____
D. Pediatric MRI _____
E. Initiation of Health Care Service as defined in T.C.A. § 68-11-1607(4) (Specify) _____ _____
F. Change in Bed Complement _____
[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation]
Opiate Addiction
G. Satellite Emergency Dept. _____
H. Change of Location _____
I. Other (Specify) _____ _____

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [check all that apply]

___ AmeriGroup ___ United Healthcare Community Plan ___ BlueCare ___ TennCare Select

RESPONSE: Not applicable.

Medicare Provider Number The Applicant will apply for a provider number.

Medicaid Provider Number The Applicant will apply for a provider number.

Certification Type Ambulatory Surgical Center.

If a new facility, will certification be sought for Medicare and/or Medicaid/Tenn/Care?

Medicare _X_ Yes ___ No ___ N/A **Medicaid/TennCare _X_ Yes ___ No ___ N/A**

RESPONSE: The Applicant will seek accreditation by The Joint Commission as an ambulatory surgery center (ASC) and therefore deemed status under Medicare and Medicaid/TennCare.

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	Current Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8: Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home - SNF (Medicare only)						
16) Nursing Home - NF (Medicaid only)						
17) Nursing Home - SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home - Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL						

*Beds approved but not yet in service **Beds exempted under 10% per 3 year provision

RESPONSE: Not applicable.

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

RESPONSE: Not applicable.

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved

RESPONSE: Not applicable.

11. Home Health Care Organizations - Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply.

RESPONSE: Not applicable.

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	❑	❑	❑	Lauderdale	❑	❑	❑
Bedford	❑	❑	❑	Lawrence	❑	❑	❑
Benton	❑	❑	❑	Lewis	❑	❑	❑
Bledsoe	❑	❑	❑	Lincoln	❑	❑	❑
Blount	❑	❑	❑	Loudon	❑	❑	❑
Bradley	❑	❑	❑	McMinn	❑	❑	❑
Campbell	❑	❑	❑	McNairy	❑	❑	❑
Cannon	❑	❑	❑	Macon	❑	❑	❑
Carroll	❑	❑	❑	Madison	❑	❑	❑
Carter	❑	❑	❑	Marion	❑	❑	❑
Cheatham	❑	❑	❑	Marshall	❑	❑	❑
Chester	❑	❑	❑	Maury	❑	❑	❑
Claiborne	❑	❑	❑	Meigs	❑	❑	❑
Clay	❑	❑	❑	Monroe	❑	❑	❑
Cocke	❑	❑	❑	Montgomery	❑	❑	❑
Coffee	❑	❑	❑	Moore	❑	❑	❑
Crockett	❑	❑	❑	Morgan	❑	❑	❑
Cumberland	❑	❑	❑	Obion	❑	❑	❑
Davidson	❑	❑	❑	Overton	❑	❑	❑
Decatur	❑	❑	❑	Perry	❑	❑	❑
DeKalb	❑	❑	❑	Pickett	❑	❑	❑
Dickson	❑	❑	❑	Polk	❑	❑	❑
Dyer	❑	❑	❑	Putnam	❑	❑	❑
Fayette	❑	❑	❑	Rhea	❑	❑	❑
Fentress	❑	❑	❑	Roane	❑	❑	❑
Franklin	❑	❑	❑	Robertson	❑	❑	❑
Gibson	❑	❑	❑	Rutherford	❑	❑	❑
Giles	❑	❑	❑	Scott	❑	❑	❑
Grainger	❑	❑	❑	Sequatchie	❑	❑	❑
Greene	❑	❑	❑	Sevier	❑	❑	❑
Grundy	❑	❑	❑	Shelby	❑	❑	❑
Hamblen	❑	❑	❑	Smith	❑	❑	❑
Hamilton	❑	❑	❑	Stewart	❑	❑	❑
Hancock	❑	❑	❑	Sullivan	❑	❑	❑
Hardeman	❑	❑	❑	Sumner	❑	❑	❑
Hardin	❑	❑	❑	Tipton	❑	❑	❑
Hawkins	❑	❑	❑	Trousdale	❑	❑	❑
Haywood	❑	❑	❑	Unicoi	❑	❑	❑
Henderson	❑	❑	❑	Union	❑	❑	❑
Henry	❑	❑	❑	Van Buren	❑	❑	❑
Hickman	❑	❑	❑	Warren	❑	❑	❑
Houston	❑	❑	❑	Washington	❑	❑	❑
Humphreys	❑	❑	❑	Wayne	❑	❑	❑
Jackson	❑	❑	❑	Weakley	❑	❑	❑
Jefferson	❑	❑	❑	White	❑	❑	❑
Johnson	❑	❑	❑	Williamson	❑	❑	❑
Knox	❑	❑	❑	Wilson	❑	❑	❑
Lake	❑	❑	❑				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage: Renovated	New	Total
ASTC		7,246			7,246		7,246
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF		7,246			7,246		7,246
*Total Cost					$75,000.00		$75,000.00
**Cost Per Square Foot					$9.66		$9.66
Cost per Square Foot Is Within Which Range *(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)*					☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

RESPONSE: Please note that there is no quartile range available for ATSCs on the HSDA Applicant's Toolbox at the time of this application. *Please see* **Attachment A-12**.

13. MRI, PET, and/or Linear Accelerator

RESPONSE: Not applicable.

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

☐ Linear Accelerator Other_____	Mev _____	Types	☐ SRS ☐ IMRT ☐ IGRT ☐
_____	Total Cost*: _____		☐ By Purchase ☐ By Lease Expected Useful Life (yrs)
	☐ New ☐ Refurbished		☐ If not new, how old? (yrs) _____
☐ MRI Other_____	Tesla: _____	Magnet:	☐ Breast ☐ Extremity ☐ Open ☐ Short Bone ☐
_____	Total Cost*: _____		☐ By Purchase ☐ By Lease Expected Useful Life (yrs)
	☐ New ☐ Refurbished		☐ If not new, how old? (yrs) _____
☐ PET	☐ PET only	☐ PET/CT	☐ PET/MRI
_____	Total Cost*: _____		☐ By Purchase ☐ By Lease Expected Useful Life (yrs)
	☐ New ☐ Refurbished		☐ If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

D. Schedule of Operations:

Location	Days of Operation *(Sunday through Saturday)*	Hours of Operation *(example: 8 am - 3 pm)*
Fixed *(Applicant)* _____	_____	Site
Mobile Locations _____ *(Applicant)* _____ _____	_____	

(Name		of	Other
Location	___	_____	
(Name		of	Other
Location	___	_____	

E. Identify the clinical applications to be provided that apply to the project.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.

ASTC Standards and Criteria

Determination of Need

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

RESPONSE: The existing center currently utilizes one full-time equivalent (FTE) physician to provide services. While this physician coverage is typically provided by a single full-time interventional radiologist, during high-volume weeks and in situations where this radiologist is unavailable, the center also contracts with other qualified physicians to provide gap coverage. In 2016, the existing center's physician(s) performed 3,506 procedures in the facility's two existing treatment rooms (1753 per room) utilizing six pre- and post-treatment bays. Thus, the existing center meets the minimum case requirements in its current treatment rooms at its current physician staffing. The Applicant proposes to increase its capacity both by contracting with a vascular surgeon to perform additional procedures on an as-needed basis and by converting some existing space to have two more pre- and post-treatment bays. Of note, the Applicant's utilization calculations found that 100% utilization will occur at 2,449 cases per year in the operating room and 2,500 cases per year in the procedure room. This is because the length of time for the procedures typically performed for an ESRD patient is shorter than the average time for many procedures performed in an ASTC setting. Additionally, the Applicant must always maintain some "open" time in its facility's operating and procedure rooms for the comparatively high percentage of urgent and un-scheduled procedures to be performed on site when ESRD patients present with last-minute issues with their vascular

accesses. Accordingly, the Applicant's utilization percentage may appear more modest than other facilities. *Please see* Section B-Need-F for more detailed utilization estimates.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

RESPONSE: The Applicant's management services provider, Fresenius Vascular Care Memphis MSO, LLC, is a subsidiary of Fresenius Vascular Care ("Fresenius"), which operates renal care and vascular access facilities across the United States. Based on Fresenius's extensive experience in this area of medicine, the Applicant anticipates its projected surgical hours in each of the first two years to be 2908.25 hours in Year 1 and 2996.25 hours in Year 2.

Projected Surgical Hours, Year 1					
Procedure	**Procedure Time (Minutes)**	**Total Case Time (Minutes)***	**Total Case Time (Hours)**	**Estimated No. Cases**	**Total Case Hours**
ESRD - Angioplasty	30	45	0.75	1932	1449.00
ESRD - Catheter Change	30	45	0.75	285	213.75
ESRD - Catheter Insertion	30	45	0.75	77	57.75
ESRD - Catheter Removal	30	45	0.75	193	144.75
ESRD - Catheter Other	30	45	0.75	12	9.00
ESRD - Fistulogram	30	45	0.75	515	386.25
ESRD - Other	60	15	0.25	47	58.75
ESRD - Stents	45	60	1.00	139	139.00
ESRD - Thrombectomy	45	60	1.00	190	190.00
Peripheral Arterial Disease (PAD) - Arteriogram	45	60	1.00	141	141.00
Uterine Fibroid Embolization (UFE) - D&T	75	90	1.50	17	25.50
Vein - Other	60	75	1.25	1	1.25
Embolization (Non-UFE)	120	135	2.25	41	92.25
TOTAL YEAR 1				**3590**	**2908.25**

** Turn-around time for all procedures is 15 minutes.*

Projected Surgical Hours, Year 2					
Procedure	**Procedure Time (Minutes)**	**Total Case Time (Minutes)***	**Total Case Time (Hours)**	**Estimated No. Cases**	**Total Case Hours**
ESRD - Angioplasty	30	45	0.75	1989	1491.75
ESRD - Catheter Change	30	45	0.75	293	219.75
ESRD - Catheter Insertion	30	45	0.75	79	59.25
ESRD - Catheter Removal	30	45	0.75	198	148.50
ESRD - Catheter Other	30	45	0.75	13	9.75
ESRD - Fistulogram	30	45	0.75	531	398.25
ESRD - Other	60	75	1.25	49	61.25
ESRD - Stents	45	60	1.00	144	144.00
ESRD - Thrombectomy	45	60	1.00	195	195.00
Peripheral Arterial Disease (PAD) - Arteriogram	45	60	1.00	146	146.00
Uterine Fibroid Embolization (UFE) - D&T	75	90	1.50	18	27.00
Vein - Other	60	75	1.25	1	1.25
Embolization (Non-UFE)	120	135	2.25	42	94.50
TOTAL YEAR 2				**3698**	**2996.25**

** Turn-around time for all procedures is 15 minutes.*

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated

outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

RESPONSE: Based on a review of Joint Annual Report data, there appear to be only a few ASTCs in the Service Area's four main counties (Shelby County, Tennessee, and DeSoto, Marshall, and Tunica Counties, Mississippi) that provide some or all of the services the Applicant will offer upon completion of the proposed project. However, the breakdown of the data in the Joint Annual Reports does not contain sufficient data to confirm the volume of similar services provided by those ASTCs.

Competitor ASTCs in Service Area	
Name	**Location**
Vascular Access Center of Memphis	Memphis, Tennessee
Interventional Nephrology Specialists Access Center	Memphis, Tennessee
Memphis Vascular Center	Germantown, Tennessee
Memphis Surgery Center	Memphis, Tennessee
East Memphis Surgery Center	Memphis, Tennessee
Desoto Surgery Center	Southaven, Mississippi

Based on market research conducted by Fresenius and the existing center, as well as the Tennessee Joint Annual Reports.

The Applicant seeks to convert the existing center, which offers some of the proposed services in a physician office based setting, to an ASTC. The existing center currently operates at over 90% capacity with two treatment rooms, six pre- and post-treatment bays, and one FTE physician. By converting these treatment rooms to an OR and a PR, adding two pre- and post-treatment bays, and contracting a vascular surgeon to provide services on an as-needed basis, the Applicant intends to continue serving its existing patients and take on new patients who would otherwise have to pursue more expensive, less convenient treatment in a hospital setting, which is not as appropriate as the ASTC proposed by the Applicant.

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

RESPONSE: Because the Applicant's Service Area includes several counties outside Tennessee, it is difficult to reliably ascertain the utilization rates at its competitor ASTCs. However, the existing center currently operates at over 90% capacity, despite the fact that it offers only a fraction of the categories of services offered by its competitors. Given the generally high utilization of ASTCs in the market, the Applicant believes that its converted operations will have minimal impact on surrounding providers while still providing area patients with an option to seek treatment in an outpatient environment targeted to their needs.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

RESPONSE: The Applicant proposes to establish an ASTC specializing in surgeries and procedures related to vascular access and other hemodialysis oriented procedures, such as dialysis access maintenance and repair services, as well as other vascular access-related treatments, including those for peripheral arterial disease and uterine fibroids. Based on the existing center's utilization over the

past 3 years, as well as the proposed modifications to its facility, the Applicant anticipates its providers will perform the following number of procedures in Years 1 and 2.

Anticipated Specialty ASTC Procedures, Years 1 and 2			
Procedure	**Operating or Procedure Room?**	**Year 1 Cases**	**Year 2 Cases**
ESRD - Angioplasty	Operating Room	1932	1989
ESRD - Catheter Change	Procedure Room	285	293
ESRD - Catheter Insertion	Procedure Room	77	79
ESRD - Catheter Removal	Procedure Room	193	198
ESRD - Catheter Other	Procedure Room	12	13
ESRD - Fistulogram	Procedure Room	515	531
ESRD - Other	Procedure Room	47	49
ESRD - Stents	Procedure Room	139	144
ESRD - Thrombectomy	Operating Room	190	195
Peripheral Arterial Disease (PAD) - Arteriogram	Procedure Room	141	146
Uterine Fibroid Embolization (UFE) - D&T	Operating Room	17	18
Vein - Other	Operating Room	1	1
Embolization (Non-UFE)	Operating Room	41	42
Total Cases	--	**3590**	**3698**

Other Standards and Criteria

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

RESPONSE: The Applicant's anticipated Service Area mirrors that of the existing center, and therefore includes 27 counties in 5 states; however, the vast majority of the center's patient population resides in four counties: Shelby County, Tennessee, and DeSoto, Marshall, and Tunica Counties, Mississippi. Based on the current patient population served by the clinic, the Applicant anticipates that over 85% of its patients will be from these counties. The facility is located less than a sixty minute drive from most locations in the Service Area. *Please see* **Attachment B-Need-A6**.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

RESPONSE: The proposed site is located at 6490 Mt. Moriah Road Extended, Memphis, Tennessee, which is on the Memphis Area Transit Authority (MATA) Mt. Moriah Bus Route, #21. *Please see* **Attachment A-6B3.**

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: The Applicant anticipates that its patients will come from roughly the same counties and in the same concentrations as the existing center's patient base. *Please see* **Attachment B-Need-A6**.

Anticipated Patient Origin by County		
Service Area Counties	**Number of Patients**	**Percentage of Patients**
Shelby County, TN	956	73.09%
DeSoto County, MS	117	8.94%
Marshall County, MS	28	2.14%
Tunica County, MS	32	2.45%
Other Counties (TN, MS, AR, AL, MO)	175	13.38%
TOTAL	**1308**	**100%**

Based on patient data from existing center in 2016.

The Applicant is located in Shelby County, Tennessee, which is home to just under three quarters (73.09%) of the anticipated patient population. As noted earlier in this Application, the existing center currently operates at greater than 90% capacity. Given the continual nature of most ESRD and vascular maintenance and repair services, local access to such services is paramount. The Applicant believes the proposed project will allow it to offer these essential services to patients in Shelby County and the surrounding areas with greater efficiency.

Service Area Demographics, Tennessee		
	Shelby County	Tennessee
Total Population (2017)	964,804	6,887,572
Projected Total Population (2021)	986,423	7,179,512
Total Projected Population Change (%)	2.2%	4.2%
65+ Population (2017)	121,074	1,133,025
65+ Population (2017) (% of Total)	12.5%	16.5%
Projected 65+ Population (2021)	140,273	1,312,118
65+ Population (2021) (% of Total)	14.2%	18.3%
65+ Population Change (%)	1.7%	1.8%
TennCare Enrollees (as of Feb. 2017)	272,273	1,514,370
TennCare Enrollees (% of Total Pop.)	28.2%	22.0%
Persons without Health Care Insurance (% in 2015)	15.0%	12.0%
Median Household Income (2015)	$46,224	$45,219
% Below Poverty Level (2015)	20.2%	16.7%

US Census QuickFacts, http://www.census.gov/quickfacts, accessed March 17, 2017; HSDA Tennessee Population Projections, http://www.tn.gov/health/article/statistics-population, accessed March 17, 2017; and Tennessee Division of Health Care Finance and Administration TennCare Data, https://tn.gov/tenncare/topic/enrollment-data (February 2017).

Service Area Demographics, Mississippi				
	DeSoto County	Marshall County	Tunica County	Mississippi
Total Population (2015)	173,323	35,916	10,343	2,992,333
Projected Total Population (2020)	189,067	39,513	12,330	3,156,054
Total Projected Population Change (%)	9.1%	10.0%	19.2%	5.5%
65+ Population (2015)	21,146	5,603	1,138	439,873
65+ Population (2015) (% of Total)	12.2%	15.6%	11.0%	14.7%
Projected 65+ Population (2020)	212,747	7,183	1,651	550,760
65+ Population (2020) (% of Total)	13.2%	18.2%	13.4%	17.5%
65+ Population Change (%)	1.0%	2.6%	2.4%	2.3%
Mississippi Medicaid Enrollees (as of Jan. 2015)	N/A	N/A	N/A	794,859
Mississippi Medicaid Enrollees (% of Total Pop.)	N/A	N/A	N/A	26.6%
Persons without Health Care Insurance (% in 2015)	14.1%	19.1%	14.6%	14.8%
Median Household Income (2015)	$58,278	$37,419	$31,211	$39,665
% Below Poverty Level (2015)	10.0%	23.3%	28.9%	22.0%

US Census QuickFacts, http://www.census.gov/quickfacts, accessed March 17, 2017; Mississippi Institutions of Higher Learning, Office of Policy Research and Planning, Mississippi Population Projections 2015, 2020, 2025, http://www.mississippi.edu/urc/downloads/PopProjections/PopulationProjections.pdf; and Mississippi Division of Medicaid, Medicaid 2017 Calendar Year Enrollment Report, https://medicaid.ms.gov/wp-content/uploads/2017/02/2017-Enrollment-Reports.pdf.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: The existing center is currently operating at over 90% utilization. The Applicant anticipates that, by converting the existing center's two treatment rooms into an operating room and a procedure room, adding two pre- and post-recovery bays (for a total of eight), and contracting with a vascular surgeon to provide services on an as-needed basis, the Applicant will be able to perform the procedures identified above in Section B-Need-A5. The Applicant's projected patient utilization numbers for these procedures are identified in Section B-Need-F.

10. Patient Safety and Quality of Care; Health Care Workforce.
    a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association

of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

RESPONSE: The Applicant is seeking accreditation as an ambulatory surgery center from The Joint Commission.

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

RESPONSE: **Physicians by Specialty.** The existing clinic typically contracts with one FTE interventional radiologist; this project proposes to contract additionally with a vascular surgeon to provide services on an as-needed basis. The Applicant's management services contractor, Fresenius, requires the following strict criteria be used to grant physician and anesthesia privileges through its Qualifications and Standards policy:

1. Applicants must be a practitioner trained in interventional radiology or interventional nephrology procedures. Nurse practitioners, radiology physician assistants or physician assistants licensed to practice in the appropriate state will be under the direct supervision of the Medical Director as per the state regulations.
2. Background, experience and training must be documented and reviewed by the Chief Medical Officer.
3. The applicant's physical and mental health status must not prevent them from fulfilling their clinical responsibilities. Fresenius may not use an inquiry regarding the applicant's health status as a disqualifier before offering a clinical position or privileges. However, a health status that is detrimental to the accomplishment of clinical responsibilities may be a disqualifier for appointment or reappointment. Inquiries regarding health status may be made and confirmed by Fresenius as part of the application process for clinical privileges.
4. There must be no existing actions against the applicant's license or specialty boards. Likewise, there must be no existing revocation of privileges at a health care organization as a result of disciplinary issues related to the LIP's performance or clinical practice.
5. Privileges will only be granted within the same specialty, discipline or certification of the applicant. Under no circumstances shall an applicant be granted privileges to practice outside their scope. Fresenius's Delineation of Privileges shall reflect this for each applicant's appointment, reappointment or renewal of privileges. The delineation of privileges for all allied health professionals will be in writing from the medical director of their facility. The Delineation of Privileges for all Licensed Independent Practitioners shall be maintained in the credentialing file.
6. The applicant shall have current medical malpractice liability insurance which meets at least the minimum required coverage by the state in which the applicant shall practice and the minimum required coverage's dictated by Fresenius, whichever is greater. This coverage shall either be obtained by the applicant independently or by Fresenius or one of its affiliates. Regardless of the source of coverage, or the market wherein it is obtained, the limits of coverage shall remain constant.
8. The applicant shall have no current or previous challenge in obtaining/renewing licensure, certification in any state or by any specialty board/organization.
9. The applicant shall not have been involuntarily terminated from any other health care organization, nor had his or her privileges revoked, terminated or reduced when applicable to the discipline in which the applicant is applying for privileges with Fresenius.

In addition, Fresenius's Core Criteria and Verification policy outlines additional requirements:

The focus of this policy is to establish an applicant's background and competencies before granting patient care privileges in The Company facilities for permanent and covering physicians. These

criteria will help assure the company and our patients that they are receiving quality care from qualified and experienced Licensed Independent Practitioners. Each member of the medical staff shall be re-credentialed and re-privileged every two years.

1. Current licensure
2. Relevant education, training, or experience
3. Current competence
4. Ability to perform required privileges
5. Evidence of current malpractice liability (locum tenens, PRN coverage)
6. Evidence of CME (continuing medical education), except for covering physicians
7. Hospital privilege verification (if applicable)

Finally, once an applicant meets Fresenius's criteria, he or she must be approved by the Governing Body of the ASTC. The Governing Body of the ASTC has full responsibility for determining, implementing and monitoring policies governing the ASTC's total operation. The Governing Body has oversight and accountability for the ASTC's QAPI program, ensures that policies and programs are administered so as to provide quality health care in a safe environment, and develops and maintains a disaster preparedness plan for the Center. The Governing Body will consist of individuals in leadership positions at Fresenius, the ASTC's Medical Director, and the ASTC's Administrator.

Ancillary Staffing. In addition to physician staffing, at a minimum, the following qualified staff are on-site during business hours:

- 2 secretarial personnel
- 1 Nurse Practitioner in pre- and post-treatment area
- 1 BLS/ACLS certified RN in pre-treatment area
- 1 BLS/ACLS certified RN in post-treatment area
- 1 certified medical assistant in pre- and post-treatment area
- 1 BLS/ACLS certified RN in each procedure room or operating room
- 1 Radiation Technologist in each procedure room or operating room
- 1 certified Scrub Technologist in each procedure room or operating room

No ancillary services such as social work or dietetics are provided.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:
    a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;
    b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;
    c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or
    d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

RESPONSE: Not applicable.

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

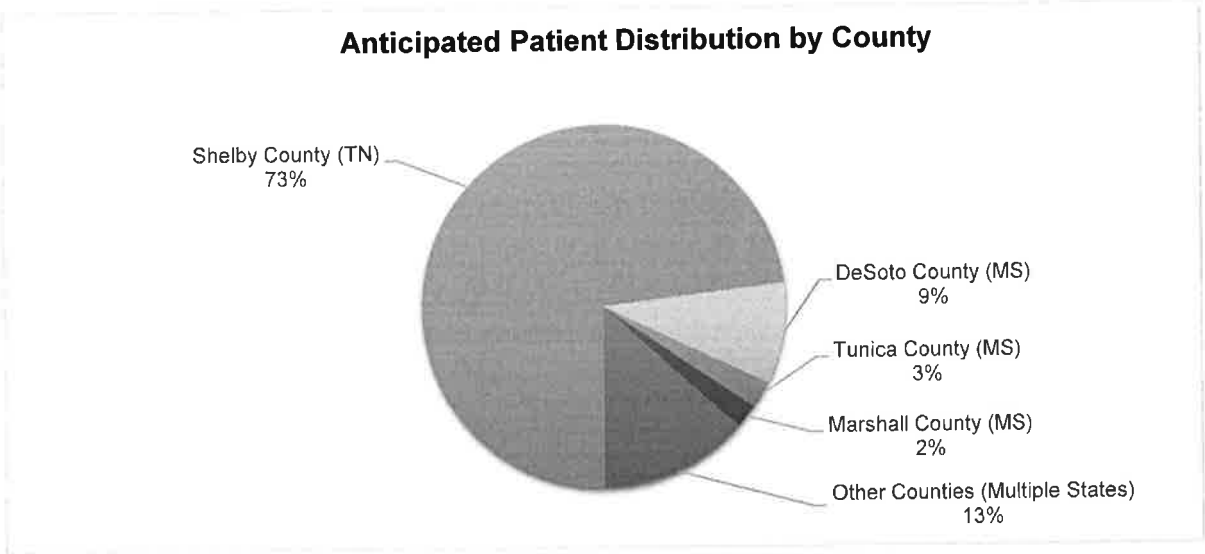
RESPONSE: The Applicant's long-range plan is to provide safe, quality, and cost-efficient care to its patients. The existing center is a physician office based outpatient interventional radiology center specializing in vascular access care for patients in Shelby County and the surrounding area. While the Applicant intends to offer varied vascular access procedures, it specializes in management and maintenance of End Stage Renal Disease patients' vascular accesses, which are necessary for life-sustaining hemodialysis treatments. Historically, dialysis access creation and maintenance required inpatient surgery. Since the early 2000s, however, dedicated physician office based vascular access

centers ("VACs") have provided much-improved access to care, allowing patients with a dysfunctional access to receive interventional treatment and return to receive dialysis within hours. While VACs are a demonstrated superior care model, their continued operations are not sustainable in light of deep physician fee schedule cuts. However, this presents an opportunity for the Applicant not only to move its proven care model into an environment that can enhance patient outcomes, but also enable it to expand its service line and continue to keep overall health care spend on ESRD patients down by avoiding needless hospital admissions.

Accordingly, the Applicant proposes to modify the existing center and establish an ASTC with one operating room and one procedure room so that it may offer a full range of vascular access services necessary for ESRD patients, including the surgical creation of the patient's vascular access, which is currently performed in an inpatient setting. The project will optimize the accessibility, convenience, and quality of vascular access care for ESRD patients and improve clinical outcomes.

C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

RESPONSE: The Applicant proposes a Service Area similar to that of the existing center, which includes 27 counties in 5 states. However, a clear majority of the center's patient population resides in Shelby County, Tennessee, where the facility is located. The Applicant estimates that over 70% of its patients (73.09%) will be residents of Shelby County. The next highest concentration of patients will come from DeSoto County, Mississippi (8.94%). Marshall and Tunica counties in Mississippi together account for just under 5% of the anticipated patient population, and the Applicant expects its remaining patients will come from the multitude of other counties in the surrounding area. Particularly in light of the concentration of patients in Shelby County, the Applicant estimates that the vast majority of its patients reside within a sixty minute drive of the facility. Please see below for a chart of the Applicant's anticipated patient distribution by county.



Detailed information on the Applicant's proposed Service Area and patient base is provided in Attachment B-Need-A6.

Please complete the following tables, if applicable:

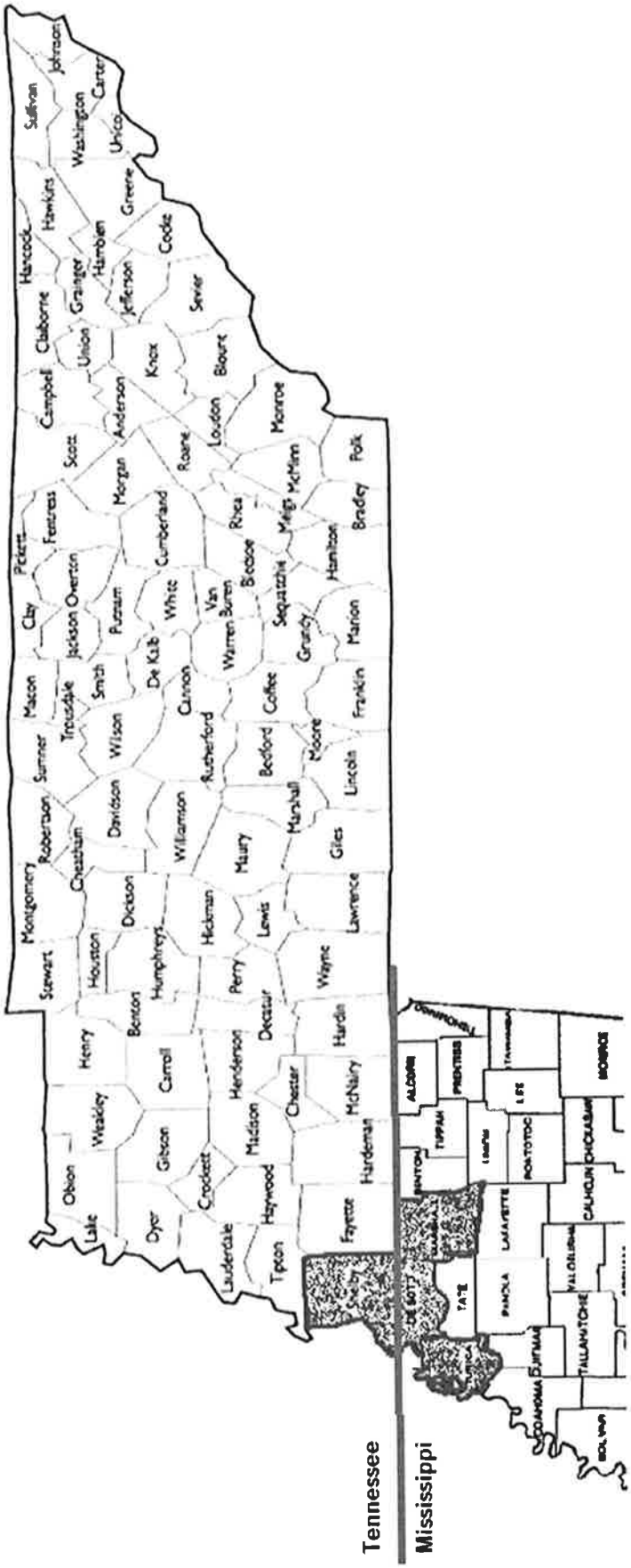
Service Area Counties	Historical Utilization by County, 2016	% of total procedures
Shelby (TN)	980 procedures	74.90%
DeSoto (MS)	106 procedures	8.10%
Marshall (MS)	28 procedures	2.10%
Tunica (MS)	44 procedures	3.40%
Other (multiple)	150 procedures	11.50%
Total	**1308 procedures**	**100%**

Based on data from existing center in 2016.

Service Area Counties	Projected Utilization-County Residents		% of total procedures
	Year 1	Year 2	
Shelby (TN)	2,689	2770	74.90%
DeSoto (MS)	291	299	8.10%
Marshall (MS)	75	78	2.10%
Tunica (MS)	122	126	3.40%
Other (multiple)	413	425	11.50%
Total	**3590**	**3698**	**100%**

Based on 2016 percentage of procedures by county of patient origin and projected total number of procedures in Years 1 and 2.

County Level Map



D. 1). a) Describe the demographics of the population to be served by the proposal.

RESPONSE: The Applicant will primarily serve patients suffering from ESRD, which is caused by a range of maladies including diabetes, hypertension/large vessel disease, glomerulonephritis (kidney inflammation), hereditary/congenital diseases, and tumors, among other causes. The Applicant will also offer treatment for peripheral artery disease (PAD) and uterine fibroids. The Applicant's research indicates that the greater Memphis area is home to more than 3700 ESRD patients, who require dialysis in order to survive.

Additionally, 12 to 20% of people age 60 or older suffer from PAD, which puts its sufferers at risk of amputation of the affected limb(s).[1] Based on a conservative 15% incidence rate, the Applicant estimates that more than 23,500 people in the Memphis area may suffer from PAD. Avoidable amputations increase the mortality rates of a population, particularly within ESRD populations. African Americans are up to twice as likely to be diagnosed with PAD than white Americans and up to four times more likely to have an amputation. Currently in the United States, 48% of lower extremity amputees die within a year of amputation.[2] In the ESRD population, an estimated 25% of all patients are diagnosed with PAD.[3]

The Applicant also intends to continue offering vascular treatment for uterine fibroids, a type of non-cancerous tumor that forms in the uterus. Patients with fibroids can be treated without surgery through uterine fibroid embolization (UFE). In a UFE and similar procedures, an interventional radiologist uses a combination of vascular access tools and imaging technology to inject small particles into the arteries feeding the patient's fibroids. Over time, a clot forms, blocking the blood supply to the fibroids and causing them to shrink, alleviating the patient's symptoms.[4] Fibroids are most common in women between 30 and 40 years of age, but can occur at any age. African American women have a higher incidence of fibroids than white American women; fibroids also tend to develop earlier and grow more quickly in African American women.[5] The Applicant estimates that more than 7,500 women in Shelby County have symptomatic fibroids that may be in need of treatment.

Converting the existing center into an ASTC will enable the Applicant to contract with a vascular surgeon to treat additional, possibly more complicated PAD and UFE cases, and further reduce morbidity and mortality for this Service Area population.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfindercensus.dov/faces/nav/isf/pages/index.xhtml

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[1] Amjad AL Mahameed, Cleveland Clinic Center for Continuing Education, Peripheral Arterial Disease (Jan. 2009), *available at* http://www.clevelandclinicmeded.com/medicalpubs/diseasemanagement/cardiology/peripheral-arterial-disease/.
[2] CardioVascular Coalition, *available at* http://cardiovascularcoalition.com/.
[3] Dialysis Outcomes and Practice Patterns Study Program (DOPPS), *available at* http://www.dopps.org/.
[4] Johns Hopkins Medicine Health Library, Uterine Artery Embolization, available at http://www.hopkinsmedicine.org/healthlibrary/test_procedures/gynecology/uterine_artery_embolization_92,P08484/.
[5] Society of Interventional Radiology, *available at* https://www.sirweb.org/.

RESPONSE: Please see below for the demographics of the Applicant's proposed Service Area.

Service Area Demographics, Tennessee													
	Department of Health/Health Statistics							Bureau of the Census				TennCare	
Demographic Variable/Geographic Area	Total Population-2017	Total Population-2021	Total Population-% Change	*Target Population-Aged 50+, 2017	*Target Population-Aged 50+, 2021	*Target Population-Aged 50+, % Change	Target Population Aged 50+, 2021 as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % Of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
Shelby County	964,804	986,423	2.2%	302,764	318,966	5.4%	37.6%	34.9	$46,224	194,891	20.2%	272,273	28.2%
Tennessee	6,887,572	7,179,512	4.2%	2,503,893	2,700,542	7.9%	32.3%	38.4	$45,219	1,150,225	16.7%	1,514,370	22.0%

US Census QuickFacts, http://www.census.gov/quickfacts, accessed March 17, 2017; HSDA Tennessee Population Projections, http://www.tn.gov/health/article/statistics-population, accessed March 17, 2017; Tennessee Division of Health Care Finance and Administration TennCare Data, https://tn.gov/tenncare/topic/enrollment-data (February 2017); and 2016 American Community Survey, www.towncharts.com.

Service Area Demographics, Mississippi													
	Department of Health/Health Statistics							Bureau of the Census				TennCare	
Demographic Variable/Geographic Area	Total Population-2015	Total Population-2020	Total Population-% Change	*Target Population-Aged 50+, 2015	*Target Population-Aged 50+, 2020	*Target Population-Aged 50+, % Change	Target Population Aged 50+, 2020 as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % Of Total	Mississippi Medicaid Enrollees	Mississippi Medicaid Enrollees as % of Total Population
DeSoto County	173,323	189,067	9.1%	55,175	65,721	19.1%	30.9%	36.0	$58,278	17,333	10.0%	N/A	N/A
Marshall County	35,916	39,513	10.0%	13,981	14,827	6.1%	37.5%	39.6	$37,419	8,369	23.3%	N/A	N/A
Tunica County	10,343	12,330	19.2%	3,361	3,643	8.4%	29.5%	32.2	$31,211	2,990	28.9%	N/A	N/A
Mississippi	2,992,333	3,156,054	5.5%	1,046,789	1,117,003	6.7%	35.4%	36.5	$39,655	658,314	22.0%	794,859	26.6%

US Census QuickFacts, http://www.census.gov/quickfacts, accessed March 17, 2017; 2016 American Community Survey, www.towncharts.com; Mississippi Institutions of Higher Learning, Office of Policy Research and Planning, Mississippi Population Projections 2015, 2020, 2025, http://www.mississippi.edu/urc/downloads/PopProjections/PopulationProjections.pdf; and Mississippi Division of Medicaid, Medicaid 2017 Calendar Year Enrollment Report, https://medicaid.ms.gov/wp-content/uploads/2017/02/2017-Enrollment-Reports.pdf.

* *Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.*

RESPONSE: ESRD can result from a range of ailments and impacts patients of all age groups and demographics. However, the US ESRD Network 8 patient demographic estimates indicate that 78.9% of new (incident) and 77.9% of established (prevalent) dialysis patients in the geographic area encompassing the Service Area are aged 50 and older. Accordingly, the Applicant has included the 50+ demographic in the charts above as its Target Population. *Please see* **Attachment B-Need-D1b**.

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: The existing center has historically and enthusiastically served the diverse patient population in the greater Memphis market for over a decade. Just over 50% of ESRD patients in Tennessee (50.7%) are African American. Tennessee's ESRD patients also come from a wide range of income and age diversity, including a significant percentage (56.3%) aged 60 or older. *Please see* Attachment B-Need-D1b. PAD and UFE populations in the existing center mirror national prevalence rates across racial groups and the elderly, as well. Thus, the Applicant estimates that there are more than 23,500 PAD patients and more than 7,500 UFE patients in Shelby County alone. Continuing to serve these populations, providing excellent clinical outcomes and patient satisfaction, reducing their hospital admissions and improving their quality of life through coordinated expert vascular care is the Applicant's primary goal.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: The Applicant is not aware of any existing and approved but unimplemented services of similar healthcare providers in its Service Area at the time of this Application.[6]

F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: The Applicant anticipates that the proposed ASTC will reach Optimum Utilization in its first year and will continue to improve its utilization in subsequent years. As discussed, unlike most other ASTCs, the Applicant will primarily serve the ESRD patient population. An ESRD patient experiencing difficulties with his or her vascular access must receive care in a timely fashion in order to return to dialysis without an interruption in treatment schedule. Providing this care is the Applicant's main purpose. In order to do so, however, the Applicant must always maintain some "open" time in its facility's operating and procedure rooms for the comparatively high percentage of urgent and un-scheduled procedures to be performed on site when ESRD patients present with last-minute issues with their vascular accesses. Additionally, the length of time for the procedures typically performed for an ESRD patient is shorter than the average time for many procedures performed in an ASTC setting. Accordingly, the Applicant's utilization percentage may appear more modest than other facilities.

Historical and Projected Procedures and Utilization					
	Existing Center			ASTC	
	CY2014	CY2015	CY2016	Projected Year 1	Projected Year 2
Cases Per Treatment Room (2)	1,034	1,046	1,753		
Cases Per Year	2,068	2,092	3,506		
Cases Per Operating Room (1)				2181	2245
Case Hours Per Operating Room (1)				1758	1809.5
Average Time Per Case (Minutes)*				49	49
OR Utilization **				89.1%	91.7%
Cases Per Procedure Room (1)				1409	1453
Case Hours Per Procedure Room (1)				1150.25	1186.75
Average Time Per Case (Minutes)*				48	48
PR Utilization **				56.4%	58.1%
Facility Utilization**	N/A	N/A	>90%	72.8%	74.9%

[6] The HSDA Pending Projects Report (February 17, 2017) indicates that there are three outstanding projects in Shelby County: two projects to establish freestanding emergency departments and one to establish a home health agency. Only one ASTC project is outstanding in Tennessee: establishment of a single-specialty ASTC to provide ophthalmology services in Knox County.

** All cases have an estimated turn-around time of 15 minutes.*
*** The utilization percentages shown above are based on the assumptions shown below, and not on the assumptions of 884 (OR) and 1867 (PR) set forth in the published Certificate of Need Standards and Criteria for ASTC*

Assumptions made to calculate ASTC Operating Room utilization:[7]

- The Operating Room will be available 250 days per year, 8 hours per day.
- The estimated average time per Case in the ASTC's Operating Room will be 34 minutes per case.
- The average time for clean-up and preparation between Operating Room cases will be 15 minutes per case.
- 100% utilization of the Operating Room is 2449 cases per year.

250 days / year x 8 hours / day =	2000 hours / year
2000 hours / year x 60 minutes / hour =	120,000 minutes / year
120,000 minutes / year ÷ 49 minutes / case =	2449 cases / year

2,449 cases / year = 100% utilization

Assumptions made to calculate ASTC Procedure Room utilization:[8]

- The Procedure Room will be available 250 days per year, 8 hours per day.
- The estimated average time per Case in the ASTC's Procedure Room will be 36 minutes per case.
- The average time for clean-up and preparation between Procedure Room cases will be 15 minutes per case.
- 100% utilization of the Procedure Room is 2500 cases per year.

250 days / year x 8 hours / day =	2000 hours / year
2000 hours / year x 60 minutes / hour =	120,000 minutes / year
120,000 minutes / year ÷ 48 minutes / case =	2,500 cases / year

2,500 cases / year = 100% utilization

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

1) All projects should have a project cost of at least $15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee).

RESPONSE: The estimated project cost is $2,144,000. Based on the HSDA's calculations of a filing fee of $5.75 per $1,000 of estimated cost, the fee would be $12,328. Thus, the Applicant has included the minimum CON filing fee of $15,000 in its projected costs.

2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements.

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[7] *Based on the existing center's historical case data, the Applicant's projected case data, and the Tennessee State Health Plan CON Standards and Criteria for ASTCs.*
[8] *Id.*

The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

RESPONSE: According to the records of the Tax Assessor of Shelby County, the total appraised value for the buildings at this location is $2,596,900, and those buildings contain 43,200 square feet ("SF") of space. Suite 202 is 7,246 SF, making the allocable share of the appraised value $435,557. In accordance with the rules of the Agency, the project cost is computed with the higher of appraised value or rent to be paid during the lease term. As to the lease, there will be less than 3 years remaining on the current lease term, at $10,265.17 per month, and a 5 year renewal option at "fair market value." Based on what the Applicant believes fair market value will be at the time renewal option is exercised, the anticipated rent (combining the remaining term of the current lease and 5 years under the renewal option) for that total period will be approximately $1,300,000. Thus, computing the project cost with the higher of appraised value or rent to be paid during the lease term, the amount of $1,300,000 has been used.

3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

RESPONSE: The Applicant estimates the value of the equipment, which is already owned by the Applicant's parent entity, UTMG, to be $514,000.

4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

RESPONSE: Please see the completed Square Footage Chart on page 14 of this Application. *Please also see* **Attachment A-12** for more details.

5) For projects that include new construction, modification, and/or renovation — **documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

   a) A general description of the project;

   b) An estimate of the cost to construct the project;

   c) A description of the status of the site's suitability for the proposed project; and

   d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

RESPONSE: *Please see* **Attachment B-Economic Feasibility-A5**.

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PROJECT COST CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$ 40,000
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$ 100,000
	3.	Acquisition of Site	
	4.	Preparation of Site	
	5.	Total Construction Costs	$ 75,000
	6.	Contingency Fund	$ 100,000
	7.	Fixed Equipment (Not included in Construction Contract)	$ 514,000
	8.	Moveable Equipment (List all equipment over $50,000 as separate attachments)	
	9.	Other (Specify)	
B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land) (lease)	$ 1,300,000
	2.	Building only	
	3.	Land only	
	4.	Equipment Specify)	
	5.	Other (Specify)	
C.	Financing Costs and Fees:		
	1.	Interim Financing	
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify)	
D.	Estimated Project Cost (A+B+C)		$ 2,129,000
E.	CON Filing Fee		$ 15,000
F.	Total Estimated Project Cost (D+E)	TOTAL	$ 2,144,000

B. Identify the funding sources for this project.

RESPONSE: Due to the nature of the conversion of the existing center to an ASTC, in leased space with existing owned equipment, the actual out-of-pocket costs to the Applicant and its parent entity will be minimal and paid from cash flow and cash reserves. *Please see* **Attachment B - Economic Feasibility - B** for related financial data.

Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)***

___ 1) Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

___ 2) Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

___ 3) General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting;

___ 4) Grants - Notification of intent form for grant application or notice of grant award;

_X_ 5) Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

___ 6) Other - Identify and document funding from all other sources.

RESPONSE: The vast majority of the Project Cost is the rent expense, to be paid monthly as an operating expense, and the value of the equipment, which is already owned by the Applicant's parent entity, UTMG. The other costs associated with the implementation of the ASTC are minimal, and will be funded through cash reserves of UTMG. *Please see* **Attachment B-Economic Feasibility-B** for related financial data.

C. Complete Historical Data Charts on the following two pages — Do ***not modify the Charts provided or submit Chart substitutions!***

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Not applicable. The existing facility has operated as a physician office based center providing different services under a different payment framework from that which will apply to the Applicant's proposed ATSC.

☐ Total Facility
☐ Project Only

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year ____	Year ____	Year____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	$_____	$_____	$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	**$_____**	**$_____**	**$_____**
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$_____	$_____	$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	**$_____**	**$_____**	**$_____**
NET OPERATING REVENUE	**$_____**	**$_____**	**$_____**
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	$_____	$_____	$_____
b. Non-Patient Care	_____	_____	_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Rent	_____	_____	_____
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
5. Management Fees:			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses	_____	_____	_____
Total Operating Expenses	**$_____**	**$_____**	**$_____**
E. **Earnings Before Interest, Taxes and Depreciation**	**$_____**	**$_____**	**$_____**
F. Non-Operating Expenses	$_____	$_____	$_____
1. Taxes	_____	_____	_____
2. Depreciation	_____	_____	_____
3. Interest	_____	_____	_____
4. Other Non-Operating Expenses	_____	_____	_____
Total Non-Operating Expenses	**$_____**	**$_____**	**$_____**
NET INCOME (LOSS)	**$_____**	**$_____**	**$_____**

Chart Continues Onto Next *Page*

NET INCOME (LOSS)	$_____	$_____	$_____
G. Other Deductions			
1. Annual Principal Debt Repayment	$_____	$_____	$_____
2. Annual Capital Expenditure	$_____	$_____	$_____
Total Other Deductions	$_____	$_____	$_____
NET BALANCE	$_____	$_____	$_____
DEPRECIATION	$_____	$_____	$_____
FREE CASH FLOW (Net Balance + Depreciation)	$_____	$_____	$_____

☐ Total Facility
☐ Project Only

HISTORICAL DATA CHART OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year ____	Year ____	Year____
1. Professional Services Contract	$_____	$_____	$_____
2. Contract Labor	_____	_____	_____
3. Imaging Interpretation Fees	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
Total Other Expenses	$_____	$_____	$_____

RESPONSE: Not applicable. The existing facility has operated as a physician office based center providing different services under a different payment framework from that which will apply to the Applicant's proposed ATSC.

D. Complete Projected Data Charts on the following two pages - ***Do not modify the Charts provided or submit Chart substitutions!***

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** *(i.e.,* if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

☒ Total Facility
☐ Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	3,590	3,698
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	$8,817,040	$9,082,288
3. Emergency Services		
4. Other Operating Revenue (Specify)	$44,612	$44,612
Gross Operating Revenue	$8,861,652	$9,126,900
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care	$	$
3. Provisions for Bad Debt	$	$
Total Deductions $	$	$
NET OPERATING REVENUE	$8,861,652	$9,126,900
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	$1,303,823	$1,383,226
b. Non-Patient Care	$	$
Physician's Salaries and Wages	821,699	871,740
3. Supplies	2,319,140	2,388,908
4. Rent	$	$
a. Paid to Affiliates	195,218	203,084
b. Paid to Non-Affiliates	$	$
5. Management Fees:		
a. Paid to Affiliates	$	$
b. Paid to Non-Affiliates	557,822	580,303
6. Other Operating Expenses	$2,053,264	$2,167,245
Total Operating Expenses	**$5,947,143**	**$6,211,283**
E. **Earnings Before Interest, Taxes and Depreciation**	**$2,914,509**	**$2,915,671**
F. Non-Operating Expenses	$	$
1. Taxes	$	$
2. Depreciation	$5,333	$85,333
3. Interest	$1,704	$1,808
4. Other Non-Operating Expenses	$	$
Total Non-Operating Expenses	**$87,037**	**$87,141**
NET INCOME (LOSS)	**$2,827,473**	**$2,828,470**

Chart Continues Onto Next *Page*

NET INCOME (LOSS)	$2,827,473	$2,828,470
G. Other Deductions		
1.Annual Principal Debt Repayment	$_____	$_____
2.Annual Capital Expenditure	$_____	$_____
Total Other Deductions	$_____	$_____
NET BALANCE	$2,827,473	$2,828,470
DEPRECIATION	$85,333	$85,333
FREE CASH FLOW (Net Balance + Depreciation)	$2,742,140	$2,743,137

☐ Total Facility
☐ Project Only

PROJECTED DATA CHART OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year ____	Year ____	Year____
1. Professional Services Contract	$_____	$_____	$_____
2. Contract Labor	_____	_____	_____
3. Imaging Interpretation Fees	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
Total Other Expenses	$_____	$_____	$_____

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	N/A	N/A	2,468.43	2,468.06	0%
Deduction from Revenue *(Total Deductions/Utilization Data)*	N/A	N/A	0	0	0%
Average Net Charge *(Net Operating Revenue/Utilization Data)*	N/A	N/A	2,468.43	2,468.06	0%

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-FI. NOTE: Publicly held entities only need to reference their SEC filings.**

RESPONSE: *Please see* **Attachment B - Economic Feasibility - B** for related financial data, presented in the format of the latest Form 990 filed by the parent entity of the Applicant, UTMG, with the Internal Revenue Service.

2) Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	49.0%	46.9%

3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true

capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: *Please see* **Attachment B - Economic Feasibility - B** for related financial data, presented in the format of the latest Form 990 filed by the parent entity of the Applicant, UTMG, with the Internal Revenue Service. Based on the attached IRS Form 990 available, the capitalization ratio of the Applicant's parent is less than 1% (see page 11, "Balance Sheet" of the Form 990, with Total Net Assets (line 33) of $23,791,514 and Mortgages (line 23) of $209,531).

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1		
Payor Source	**Projected Gross Operating Revenue**	**As a % of total**
Medicare/Medicare Managed Care	$ 6,142,647	65%
TennCare/Medicaid	$ 661,516	7%
Commercial/Other Managed Care	$ 2,646,064	28%
Self-Pay	N/A	0%
Charity Care	N/A	0%
Other (Specify)_____	N/A	0%
Total	$ 9,450,227	100%

RESPONSE: As mentioned previously and reflected in the Applicant's projected payor mix for Year 1 and beyond, the majority of ESRD patients' care is paid for by Medicare. Thus, to continue providing effective, efficient vascular access and hemodialysis services to these patients, it is essential that the Applicant remain eligible for payment under the changing Medicare payment framework for ESRD services. The Applicant's proposed conversion to an ASTC will permit the Applicant to meet Medicare's evolving requirements while offering an even more robust complement of services to its patients.

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (N/A)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Tennessee; Memphis Area Median Wages
a) **Direct Patient Care Positions**				
*Registered Nurse**	4.0	5.0	$76,299	$56,838; $60,502
Nurse Practitioner	1.0	1.0	$109,990	$91,988; $99,413
Medical Assistant	3.0	4.0	$40,352	$28,845; $28,379
Patient Service Coordinator	2.0	2.0	$37,263	$34,870; $42,728
Radiology Technologist	1.0	2.0	$68,339	$49,636; $54,449
Total Direct Patient Care Positions	11.0	14.0		
b) **Non-Patient Care Positions**				
Center Manager	1.0	1.0	$90,126	$82,726; $86,538
Marketer	1.0	1.0	$81,141	$80,662; $78,457

Total Non-Patient Care Positions	2.0	2.0		
Total Employees (A+B)	13.0	16.0		
c) Contractual Staff				
Interventional Radiologist	1.0	1.0	N/A	N/A
Vascular Surgeon	0.0	0.2	N/A	N/A
Total Contractual Staff	1.0	1.2		
Total Staff (a+b+c)	14.0	17.2		

** All registered nurses will be BLS/ACLS certified. Source: Tennessee Department of Labor and Workforce Development, Employment and Wage Data, Occupational Employment and Wage Rates (OES) for listed professions in Tennessee and Memphis Area in 2015, www.jobs4tn.gov.*

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

RESPONSE: The Applicant's proposal to convert the existing center into a single-specialty ASTC for vascular access creation and management for ESRD patients represents a critical shift away from higher cost care in an outpatient hospital setting. Absent the ESRD-focused ASTC, dialysis patients will be forced to receive surgical interventions in a hospital. However, hospitals are not designed to optimally respond to the unplanned though non-emergent nature of hemodialysis access procedures given the broad scope of care they provide. The Applicant's proposed ASTC would provide area ESRD patients efficient, effective care in an environment tailored to their particular needs and sensitivities—all at less cost for the health system and less time and stress for the patient. This is particularly true of access centers run by the Applicant's management services company. A recent study comparing ESRD patients of Fresenius Kidney Care ("FKC") who received vascular access care at a Fresenius Vascular Care ("FVC") affiliated access center to patients who received vascular access care from hospitals or other vascular access centers, or who received no care at all, found that the FKC hemodialysis patients exhibited 33% lower 6-month mortality. Development of the Applicant's proposed ASTC and the resulting improvement in access will offer an important opportunity to improve the hemodialysis patient's quality of life.

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: The Applicant's proposed project does not require new construction. Instead, the Applicant proposes to do minimal renovation to its existing space for a low-cost, high-benefit upgrade from a physician office based outpatient center to a single-specialty ASTC that will provide more robust vascular access services to ESRD patients in the Service Area.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: No agreements are in place at this time. The Applicant's contracted interventional radiologist has admitting privileges at nearby One Health Hospital and directly admits patients as needed.

B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

The proposed project will benefit patients, who will receive care in an ambulatory surgical treatment center than a physician office based outpatient center, in accordance with recent changes by Medicare.

2) Negative Effects

The Applicant proposes to replace the physician office based outpatient center with a single -specialty ASTC, and thus, does not propose to increase the availability of surgical treatment in the Service Area. Therefore, the proposed project should have little to no impact on other providers.

C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: The Applicant intends to continue the successful HR strategy of its predecessor. The existing center's clinical leadership structure includes on-site clinical leadership in the form of a nurse administrator/director of nursing. The existing center is a joint venture partnership with Fresenius Vascular Care (FVC). FVC and its parent company Fresenius Medical Care (FMC) provide all HR support/guidance during business hours via telephone. FVC also supports clinically through a clinical services team and Medical Advisory Board.

2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: The Applicant has reviewed and understands the aforementioned requirements.

3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: Currently there are no agreements in place or planned for the future.

D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

RESPONSE: State Licensure from the Tennessee Department of Health.

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.):

RESPONSE: Accreditation as an ASC with The Joint Commission.

Accreditation (i.e., Joint Commission, CARF, etc.):

RESPONSE: The Joint Commission.

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

RESPONSE: Not applicable. The Applicant is not an existing ASTC.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

RESPONSE: Not applicable. The Applicant is not an existing ASTC.

3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

RESPONSE: Not applicable. The Applicant is not an existing ASTC.

a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

RESPONSE: Not applicable. The Applicant is not an existing ASTC.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

1) Has any of the following:

a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

2) Been subjected to any of the following:

a) Final Order or Judgment in a state licensure action;

b) Criminal fines in cases involving a Federal or State health care offense;

c) Civil monetary penalties in cases involving a Federal or State health care offense;

d) Administrative monetary penalties in cases involving a Federal or State health care offense;

e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

h) Is presently subject to a corporate integrity agreement.

RESPONSE: Not applicable for 2a) through 2f), and for 2h). As to 2g), on March 17, 2017, UTMG received from the U.S. Department of Justice a civil investigative demand under the False Claims Act, and the company is in the process of responding.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects

CON Number	Project Name	Date Approved	*Annual Progress Report(s) Due Date	*Annual Progress Report(s) Date Filed	Expiration Date

* Annual Progress Reports - HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

RESPONSE: Not applicable. Neither the Applicant nor UTMG have any outstanding CON projects at this time.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

RESPONSE: Not applicable. See immediately above.

G. Equipment Registry - For the applicant and all entities in common ownership with the applicant.

1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

RESPONSE: Neither the Applicant nor UTMG own, lease, operate, or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), or Positron Emission Tomographer (PET). The Applicant's affiliate, UT Mobile Stroke LLC, operates a CT scanner, but as this scanner is operated as part of a stroke ambulance service, the Applicant understands that it was not required to be registered with the HSDA.

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

RESPONSE: The Applicant verifies that it will submit reports on quality measures to the Agency as required.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

RESPONSE: The Applicant's affiliate, UTMG, currently operates a physician office based outpatient center specializing in vascular access care for patients in the greater Memphis area. While the center offers varied vascular access and related procedures, it specializes in management and maintenance of End Stage Renal Disease patients' vascular accesses necessary for life-sustaining hemodialysis treatments. Many of those patient receive periodic hemodialysis treatments at the dialysis center known as Fresenius Kidney Care Mt. Moriah, which is located near the proposed ASTC. The ASTC will provide a full range of vascular access services necessary for ESRD patients, including the surgical creation of the patient's vascular access; will optimize the accessibility, convenience, and quality of vascular access care for ESRD patients; and will improve clinical outcomes. This project will continue UTMG's proven care model, as its continued operation as a physician office based ESRD access center is no longer a sustainable model due to changes being initiated by Medicare, which is the primary source of payment for most ESRD patients' care. The Applicant believes that failure to create an ASTC for these procedures would have a direct adverse impact on patients. The proposed project would provide a direct benefit to the patients and provide the best alternative for current and future ESRD patients.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

RESPONSE: The primary intent of this Application is to provide services currently being performed in a physician office based vascular access center ("VAC") in a more appropriate ASTC (due to changes required by Medicare). The Applicant's affiliate, UTMG, has served the greater Memphis area for over 35 years, and has operated its physician office based VAC for over a decade. Over that time period, UTMG has demonstrated not only financial stability but has been known for safe, high quality care. Given the trend in health care to shift patients to more appropriate, lower cost environments, the Applicant believes it is critical that adjustments be made to its structure to remain competitive and continue to offer access to safe, high quality to the local community.

C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

RESPONSE: The Applicant's proposed integration of vascular access creation and vascular access management into an ESRD focused ASTC, with care overseen and delivered by one integrated team of access specialists, will enhance coordination of a crucial aspect of the ESRD patient's care, and avoid fragmentation of the ESRD patient's already complex treatment plan at a time when all signs in the health care industry point to coordination of patient care. This coordinated, integrated care model will not only enhance the overall care available in the greater Memphis area for ESRD patients, but it will also better position this region's combined health care system to reduce the total cost of care attributable to these patients.

D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

RESPONSE: The Applicant's ASTC will comply with state ASTC licensure requirements and the ASC certification requirements of the Centers for Medicare and Medicaid Services. Additionally, the Applicant will seek accreditation from The Joint Commission. The Applicant's ASTC will be operated under the same management as the existing VAC has historically operated, with assistance from Fresenius Vascular Care Memphis MSO, LLC, which is an affiliate of Fresenius Medical Care North America (FMCNA), and its global parent company, Fresenius Medical Care AG & Co. KgaA. This network of companies assists in providing care to improve the quality of life for nearly 200,000 people every day, and assures additional oversight to the quality and safety of care provided to patients.

E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE: The ASTC will be staffed by clinical personnel who specialize in delivering services for the treatment, management and maintenance of ESRD patients' vascular access and related needs. The staff who will deliver care in the ASTC will be the same staff currently delivering care in the VAC. The Applicant has been successful in recruiting and maintaining qualified personnel in the VAC.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

RESPONSE: *Please see* the attached Proof of Publication and stamped Letter of Intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

RESPONSE: N/A. The Applicant is not a Nonresidential Substitution-Based Treatment Center for Opiate Addiction.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

2. **If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,* please state below any request for an extended schedule and document the "good cause" for such an extension.**

RESPONSE: Please see next page.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		August, 2017
2. Architectural and engineering contract signed		
3. Construction documents approved by the Tennessee Department of Health		
4. Construction contract signed		
5. Building permit secured		
6. Site preparation completed		
7. Building construction commenced		
8. Construction 40% complete		
9. Construction 80% complete		
10. Construction 100% complete (approved for occupancy)		
11. *Issuance of License	180	February, 2018
12. *Issuance of Service	180	February, 2018
13. Final Architectural Certification of Payment		
14. Final Project Report Form submitted (Form HR0055)	240	April, 2018

***For projects that *DO NOT* involve construction or renovation, complete Items 11 & 12 only.**

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

APR 7 '17 AM10:36

AFFIDAVIT

STATE OF Pennsylvania

COUNTY OF Montgomery

Jeffrey E. Snodgrass, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

SIGNATURE/TITLE

Sworn to and subscribed before me this _____ day of _____ (Month), _____ (Year) a Notary

Public in and for the County/State of Montgomery, Pennsylvania

NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL
RHONDA B. PALUMBO, Notary Public
Lower Providence Twp., Montgomery County
My Commission Expires May 7, 2021

My commission expires May 7 (Month), 2021 (Year).

Attachment A-4A

Organizational Documents

- Limited Liability Company Agreement
- Delaware Certificate of Formation
- Tennessee Confirmation of Active Status

LIMITED LIABILITY COMPANY AGREEMENT
OF
UCH VASCULAR ACCESS ASC, LLC

(a Delaware Limited Liability Company)

This **LIMITED LIABILITY COMPANY AGREEMENT** (this "Agreement") is entered into as of the 28th day of March, 2017, by and between **UCH Vascular Access ASC, LLC**, a Delaware limited liability company (the "Company"), and **UT Medical Group, Inc.**, a Tennessee corporation (the "Member").

BACKGROUND STATEMENT

The Member is the sole member of the Company and desires to enter into this Agreement to govern the affairs of the Company.

STATEMENT OF AGREEMENT

The parties hereto hereby agree as follows:

ARTICLE I

GENERAL

1.1 **Formation of Company**. The Company was formed under and shall be operated in accordance with the Delaware Limited Liability Company Act, as amended (the "Act").

1.2 **Conflict with the Certificate of Formation**. To the extent this Agreement conflicts with the Company's certificate of formation, this Agreement shall govern and control to the extent permitted by law.

1.3 **Purposes and Scope of Company**. The purpose of the Company is to own and operate an ambulatory surgery center in Memphis, Tennessee, together with such other location(s) in the State of Tennessee as determined by the Manager from time to time.

1.4 **Name**. The business of the Company shall be conducted under its legal name, or such other name determined by the Manager.

1.5 **Principal Office**. The principal office of the Company shall be maintained at a place determined by the Manager.

1.6 **Registered Agent and Office**. The registered agent and office of the Company shall be as provided in the Company's certificate of formation, or as otherwise determined by the Manager.

1.7 **Tax Status**. The Member intends for the Company to be disregarded as an entity for federal income tax purposes and for state income tax purposes in those states that follow federal tax classifications, unless and until there are multiple holders of membership interests in the Company. If there are multiple holders of membership interests in the Company, it is the intent of the parties hereto that the Company shall be treated as a partnership for federal income tax purposes and for state income tax purposes in those states that follow federal tax classifications.

ARTICLE II

CAPITALIZATION; ALLOCATIONS AND DISTRIBUTIONS

2.1 **Capitalization**. As of the date hereof, the Member holds a 100% membership interest in the Company, which represents all of the outstanding membership interests in the Company. The Member's capital contributions to the Company are reflected in the Company's records.

2.2 **Additional Capital Contributions**. No holder of a membership interest in the Company shall be permitted to make additional capital contributions to the Company without the approval of the Manager. No holder of a membership interest in the Company shall be required to make additional capital contributions to the Company without the consent of such individual or entity.

2.3 **Contribution of Property In-Kind**. Any capital contribution of assets other than cash shall be valued at their fair market value as of the date of contribution, as agreed to by the contributing individual or entity and the Manager.

2.4 **Allocations**. So long as the Member is the only member of the Company, all income, gain and loss of the Company shall be allocated solely to the Member. If there are multiple holders of membership interests in the Company, all income, gain and loss of the Company shall be allocated among the holders of membership interests *pro rata* in accordance with their respective membership interests.

2.5 **Distributions**. The Company shall make distributions to the holders of membership interests at such times and in such amounts as determined by the Manager. So long as the Member is the only holder of a membership interest in the Company, all distributions shall be made solely to the Member. If there are multiple holders of membership interests in the Company, all distributions shall be made to the holders of membership interests *pro rata* in accordance with their respective membership interests.

ARTICLE III

MANAGEMENT

3.1 **Role of the Manager**. The manager of the Company for purposes of the Act (the "Manager") shall have full, exclusive and complete power and authority to manage and control the business and affairs of the Company. The Manager shall be the sole agent of the Company with the sole power and authority to sign for and act on behalf of the Company. The Manager shall have the specific power and authority to (i) negotiate, enter into, and execute contracts and incur obligations for and on behalf of the Company, (ii) borrow money for and on behalf of the Company upon such terms and conditions as the Manager may deem advisable and proper and to pledge the credit and property of the Company for such purposes, and (iii) cause all things to be done on behalf of the Company as appropriate to accomplish the Company's business purposes. The Member shall be the Manager.

3.2 **Appointment and Removal of the Manager**. The members shall have the power to appoint and remove the Manager, and the members may remove the Manager at any time, with or without cause. The Manager need not be a member of the Company, and the Manager may be an individual or an entity; provided, however, that if the Manager is not a member, such person must execute and deliver to the Company a written acknowledgment whereby the Manager agrees unconditionally to be bound by the provisions of this Agreement. A Manager may resign as such at any time by delivering written notice to the members, and the Manager, if an individual, shall cease to be the Manager upon his death or

incapacity. If at any time the Company does not have a Manager, each member shall be a manager of the Company for purposes of the Act until a new Manager is appointed.

3.3 **Delegation of Authority**. The Manager may from time to time delegate to one or more individuals (each an "Officer") any portion of its authority granted hereunder and under the Act as the Manager deems appropriate. Each Officer shall hold office until such Officer's death, incapacity, resignation or removal or until the appointment of a successor. An Officer may be removed as an Officer by the Manager at any time with or without cause. An Officer may resign as an Officer at any time by communicating his resignation to the Manager, orally or in writing.

3.4 **Member Voting Rights**. Except for the right of the members to appoint and remove the Manager pursuant to **Section 3.2** and to amend this Agreement pursuant to **Section 7.1**, the members shall have no voting rights. Action on a matter is approved by the members hereunder if members representing a majority of the membership interests in the Company approve such action. Accordingly, as used in this Agreement, the phrases "the approval of the members," "the consent of the members," "the determination of the members" and similar phrases mean the approval set forth in the foregoing sentence. The members shall approve or consent to an action if one or more written consents describing the action to be taken shall be signed by the members required to approve it pursuant to this **Section 3.4**.

ARTICLE IV

LIABILITY; INDEMNIFICATION

4.1 **Liability and Exculpation**. The members, the Manager and the Officers shall not be liable for the obligations of the Company solely by reason of being a member, a Manager or an Officer or by participating in the management or control of the Company's business. The liability of the Manager and each Officer for any breach of its duties shall be limited or eliminated to the fullest extent permitted by law.

4.2 **Indemnification**. The Company shall indemnify current and former Managers, Officers and members, to the fullest extent permitted by law, against all liabilities and reasonable expenses (including amounts paid in satisfaction of judgments, in compromise, as fines and penalties, and as attorneys' fees) incurred by them in connection with the defense or disposition of any action, suit or other proceeding, whether civil, criminal, administrative, regulatory, or investigative, in which they may be involved or with which they may be or reasonably anticipate to be threatened, as a party or otherwise, by reason of (i) their status as a current or former Manager, Officer or member, or (ii) their conduct of the business and affairs of the Company.

ARTICLE V

ADDITIONAL MEMBERSHIP INTERESTS; ASSIGNMENT

5.1 **Issuance of Additional Membership Interests**. The Manager may issue additional membership interests in the Company to any individual or entity in exchange for such cash, property, or services, and on such other terms and conditions, as the Manager shall determine. Such individual or entity shall become a member of the Company only in accordance with **Section 5.4**.

5.2 **Assignment of Membership Interests**. A member may assign all or any part of its membership interest in the Company to any individual or entity only with the consent of the Manager.

5.3 **Rights and Obligations of Assignees**. Any assignment of a membership interest to any individual or entity that is not an existing member shall be effective to give the assignee only the right to receive the allocations of income, gain and loss and distributions to which the assignor would have been entitled if the assignment had not been made, and shall not be effective to admit the assignee as a member of the Company.

5.4 **Admission of Assignees as Members**. Any assignment of a membership interest by a member to an existing member shall be effective to make the assignee thereof a member in respect of such membership interest. Any other assignee shall be admitted as a member only if (i) the Manager approves such admittance, and (ii) the assignee and the members have entered into a new operating agreement, in form and substance satisfactory to the Member, and the assignee agrees in writing to be a member and to be bound by the provisions of the new operating agreement. Notwithstanding the foregoing provisions of this **Section 5.4**, if there is only one member and such member assigns its entire membership interest to another person or entity, voluntarily or involuntarily, such assignment shall be effective to make the assignee thereof a member in respect of such membership interest.

ARTICLE VI

DISSOLUTION

6.1 **Dissolution**. The Company shall continue until dissolved in accordance with the terms hereof. The Company shall be dissolved upon the earlier of any of the following (each an "Event of Dissolution"): (i) the determination of the Manager that the Company shall be dissolved; or (ii) as required or effected by applicable law.

6.2 **Winding Up the Company**. If an Event of Dissolution occurs, the Manager shall wind up the affairs of the Company and a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the members to minimize the normal losses attendant upon a liquidation. In connection with winding up the affairs of the Company, the Manager shall collect the Company's assets, dispose of those assets that will not be distributed in-kind to the members, discharge or make provision for discharging the Company's liabilities, and distribute the remaining assets of the Company to the members. The proceeds from liquidation of Company assets shall be applied as follows: (i) first, payment shall be made to the creditors of the Company to the extent permitted by law, and reasonable reserves shall be established for any unforeseen liabilities or obligations if appropriate; and (ii) second, all remaining proceeds shall be distributed to the members in accordance with **Section 2.5**.

ARTICLE VII

MISCELLANEOUS

7.1 **Amendment**. This Agreement may be changed, amended or modified only by the members in writing, and all such changes, amendments and modifications shall be binding on the Company, the members, the Manager and any Officers.

7.2 **Governing Law**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to conflicts of law principles.

7.3 **Third-Party Beneficiary**. No provision in this Agreement is intended to be for the benefit of or enforceable by any third party, including any creditor of the Company.

7.4 **Integration; Entire Operating Agreement**. This Agreement sets forth the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, constitutes the one and only operating agreement in respect of the Company's business and affairs, and supersedes all prior written operating agreements and oral statements, including any prior representation, statement, condition or warranty. Any and all agreements constituting the Company's operating agreement must be in writing.

7.5 **Binding Provisions**. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns.

(signatures to follow)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE COMPANY:

UCH VASCULAR ACCESS ASC, LLC

By Its Manager:

UT MEDICAL GROUP, INC.

By: _____
Name: Andrew Botschner
Title: President / CEO

THE MEMBER:

UT MEDICAL GROUP, INC.

By: _____
Name: Andrew Botschner
Title: President / CEO

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "UCH VASCULAR ACCESS ASC, LLC", FILED IN THIS OFFICE ON THE TWENTY-EIGHTH DAY OF MARCH, A.D. 2017, AT 3:10 O`CLOCK P.M.

Jeffrey W. Bullock, Secretary of State

6362526 8100
SR# 20172077682

Authentication: 202280722
Date: 03-28-17

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:10 PM 03/28/2017
FILED 03:10 PM 03/28/2017
SR 20172077682 - File Number 6362526

STATE *of* DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE *of* FORMATION

First: The name of the limited liability company is **UCH Vascular Access ASC, LLC.**

Second: The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The name of its registered agent at such address is **The Corporation Trust Company**.

In Witness Whereof, the undersigned has executed this Certificate of Formation this 28th of March, 2017.

By: _____
Carl S. Beattie
Authorized Person

9462414v1 13032.01558

CONSENT OF SOLE ORGANIZER
OF
UCH VASCULAR ACCESS ASC, LLC

The undersigned, being the sole organizer of UCH Vascular Access ASC, LLC, a Delaware limited liability company (the "Company"), does hereby adopt the following resolution by signing his written consent hereto:

Election of Sole Member

RESOLVED, that the following entity be, and hereby is, elected sole member of the Company:

UT Medical Group, Inc.

This consent is effective as of the 28th day of March, 2017.

Carl Beattie

Carl S. Beattie, Organizer

Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

Name: **UCH Vascular Access ASC, LLC**

General Information

SOS Control #	**000896438**	Formation Locale:	DELAWARE
Filing Type:	Limited Liability Company - Foreign	Date Formed:	03/28/2017
	03/29/2017 11:25 AM	Fiscal Year Close	12
Status:	Active	Member Count:	1
Duration Term:	Perpetual		
Business Type:	Non-Profit Limited Liability Company		
Managed By:	Member Managed		

Registered Agent Address
C T CORPORATION SYSTEM
STE 2021
800 S GAY ST
KNOXVILLE, TN 37929-9710

Principal Address
STE 700
1407 UNION AVE
MEMPHIS, TN 38104-3641

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
03/29/2017	Initial Filing	B0337-6585

Active Assumed Names (if any)	Date	Expires

APPLICATION FOR CERTIFICATE OF AUTHORITY
LIMITED LIABILITY COMPANY (ss-4233)

For Office Use Only

Business Services Division
Tre Hargett, Secretary of State
State of Tennessee
312 Rosa L. Parks AVE, 6th Fl.
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: $50.00 per member
(minimum fee = $300, maximum fee = $3,000)

To The Secretary of the State of Tennessee:
Pursuant to the provisions of T.C.A. §48-249-904 of the Tennessee Revised Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the Limited Liability Company is: UCH Vascular Access ASC, LLC

   If different, the name under which the certificate of authority is to be obtained is: _____

NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of T.C.A. §48-249-106 of the Tennessee Revised Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to T.C.A. §48-249-106(d).

2. The state or country under whose law it is formed is: Delaware
   and the date of its formation is: 03 / 28 / 2017 (Month / Day / Year) and the date it commenced doing business in Tennessee is: 05 / 01 / 2017 (Month / Day / Year)

   NOTE: Additional filing fees and proof of tax clearance confirming good standing may apply if the Limited Liability Company commenced doing business in Tennessee prior to the approval of this application. See T.C.A. §48-249-913(d) and T.C.A. §48-249-905(c)

3. This company has the additional designation of: Non-Profit LLC

4. The name and complete address of its registered agent and office located in the state of Tennessee is:
   Name: C T Corporation System
   Address: 800 South Gay Street - Suite 2021
   City: Knoxville State: TN Zip Code: 37929 County: Knox

5. Fiscal Year Close Month: 12/31

6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is: (Not to exceed 90 days)
   Effective Date: ____ / ____ / ____ (Month / Day / Year) Time: _____

7. The LLC will be: [X] Member Managed [ ] Manager Managed [ ] Director Managed [ ] Board Managed [ ] Other

8. Number of Members at the date of filing: One (1)

9. Period of Duration: [X] Perpetual [ ] Other ____ / ____ / ____ (Month / Day / Year)

10. The complete address of its principal executive office is:
    Address: 1407 Union Avenue, Suite 700
    City: Memphis State: TN Zip Code: 38104

Attachment A-5

Management Services Agreement

MANAGEMENT SERVICES AGREEMENT

THIS **MANAGEMENT SERVICES AGREEMENT** (as amended in accordance with the terms hereof, this "**Agreement**"), dated as of November 1, 2012 (the "**Effective Date**"), is by and between **Fresenius Vascular Care Memphis MSO, LLC**, a Delaware limited liability company ("**Manager**"), and **UT Medical Group, Inc.**, a Tennessee not-for-profit corporation ("**Practice**").

BACKGROUND STATEMENT

Practice seeks to provide outpatient, vascular access services as an extension of its practice at a vascular access center located at 6490 Mt. Moriah Road Extended, Suite 202, Memphis, TN 38115-3841. Practice desires that Manager provide management assistance to such center.

STATEMENT OF AGREEMENT

The parties to this Agreement agree as follows:

1. DEFINITIONS. Capitalized terms used herein shall have the meanings set forth in Appendix A to this Agreement.

2. APPOINTMENT AND AUTHORITY OF MANAGER

2.1 Appointment and Authority. Practice hereby appoints Manager as its sole and exclusive agent for the management of the business affairs (as distinguished from the practice of medicine) of Practice relating to Access Services, and Manager hereby accepts such appointment, subject at all times to the provisions of this Agreement. Subject to the limits on authority set forth in Section 2.2 and the approval requirements set forth in Section 2.3, Manager is expressly authorized to provide such services in any reasonable manner Manager deems appropriate to meet the requirements of the business functions of the Access Center. Practice shall cooperate with Manager to the extent reasonably necessary for Manager to perform its obligations under this Agreement. Practice acknowledges that Manager shall provide certain of such services pursuant to a Management Services Agreement Subcontract, dated as of the date hereof (as amended in accordance with its terms, the "**Subcontract**"), between Manager and Fresenius Vascular Care, Inc., a Delaware corporation ("**FVC**").

2.2 Limits on Manager Authority. Practice shall have complete authority, responsibility, supervision and control, in its sole discretion, over all diagnoses, treatments, procedures, and other health care services provided at the Access Center. Manager shall not be, or be deemed to be, a partner of Practice or engaged in the practice of medicine, and Manager shall not interfere with the exercise of the professional judgment of Practice or the Physicians. To the extent that any act or service herein required of Manager should be construed by a court or regulatory body to constitute the practice of medicine, the requirement to perform that act or service by Manager shall be

deemed waived and unenforceable. Neither Practice nor Manager has knowledge that the terms of this Agreement, the Subcontract, the Membership Interest Purchase Agreement or Manager's Limited Liability Company Agreement violate any law relating to fee splitting and/or the corporate practice of medicine. Each of Practice and Manager accordingly agrees that it will not sue, claim, aver, allege or assert that any such agreement or any relationship among Practice, Manager, FVC and/or the Physicians violates any law relating to fee splitting and/or the corporate practice of medicine.

2.3 **Policies and Approvals**.

2.3.1 Certain actions of Manager herein may require the approval of the members (including Practice) or managers of Manager under the Limited Liability Company Agreement of Manager, and Manager acknowledges its obligation to obtain all such approvals as required and to comply with the reasonable directives and policies duly adopted by the managers of Manager. Certain other actions may require the input or approval of the Policy Board established pursuant to Article 5, and the Parties acknowledge their obligation to comply with the duly adopted directives and policies of the Policy Board.

2.3.2 Practice shall consider and respond to, promptly and in good faith, all recommendations of Manager and FVC (pursuant to the Subcontract) regarding governance, operations, policies and procedures relating to the Access Center and compliance with Applicable Law, to the extent relevant to the obligations of Manager and FVC hereunder and under the Subcontract. Practice agrees not to take any actions which will unreasonably interfere with or materially expand the duties or financial obligations of Manager and FVC hereunder and under the Subcontract without the prior approval of Manager and FVC. Whenever, pursuant to the terms of this Agreement or the Subcontract, Practice's approval is required or requested, Manager shall submit such request for approval in writing, together with Manager's recommendations, and Practice shall be required to respond to Manager with its approval or disapproval within 14 calendar days after receiving such notice, or such shorter period requested by Manager if the circumstances require a shorter response time. If Practice does not respond to Manager by the end of such 14-day or other time period, Practice shall be deemed to have approved the matter so submitted. All requests for approvals under Manager's Limited Liability Company Agreement shall be made in accordance with that agreement.

2.4 **Patient Referrals**. Manager and Practice agree that nothing in this Agreement or the Subcontract requires, constitutes payment for, or is contingent upon, the referral of any healthcare services.

3. **COVENANTS AND RESPONSIBILITIES OF MANAGER**. During the Term, Manager shall have the following obligations.

3.1 **Access Center Development**. To the extent required, Manager shall provide project development services for any Access Center expansions (including the

development of additional office space) or renovations included within the capital budget of Manager, which services may consist of site visits to determine the feasibility of potential sites, development of preliminary plans to assess whether programmatic requirements are met by the space(s) under consideration, coordination of leasing negotiations and the architectural, engineering and other consultants necessary to produce lease and contract documents, bidding of the contract documents, coordinating the work of the general contractor, ordering all equipment, furnishings and fixtures to be furnished by Manager and arranging for delivery and installation of same.

3.2 **Access Center Contracts**. Manager is authorized to enter into, amend and terminate, on behalf of and in the name of Practice, contracts as may be reasonably necessary or advisable for the day-to-day business operations of the Access Center, except that (a) the foregoing authorization shall not extend to and shall not include any managed care participation agreement, transplant agreement, affiliation agreement, ancillary medical services agreement (e.g., laboratory, blood, EKG, pharmacy), or any other agreement by which Practice is obligated to provide medical services, and (b) Practice shall execute any and all such agreements required to be executed by a medical practice under Applicable Law. Without limiting the foregoing, to the extent permitted by Applicable Law, Manager will consult with and advise Practice in the negotiation of all contractual arrangements that are required to be executed by a medical practice under Applicable Law.

3.3 **Quality Assistance**. Manager shall provide support for the development of Practice's overall peer review, quality-assurance and compliance programs as they relate to Access Services. Manager shall perform medical record audits and conduct utilization reviews and quality assurance reviews as necessary for the operation of the Access Center.

3.4 **Non-Physician Personnel**. Manager shall provide, through its Subcontract with FVC, all non-physician personnel ("**Support Personnel**") reasonably necessary to operate the Access Center. An initial list of full-time and part-time Support Personnel positions is set forth on Exhibit 3.4. As contemplated by the Subcontract, FVC shall have sole responsibility for determining and paying the compensation, providing the benefits, and making any withholdings required by Applicable Law, including any required withholdings for income tax, unemployment insurance, and social security, for Support Personnel provided by FVC.

3.5 **Access Center Premises**. Manager shall make available for use by Practice the premises of the Access Center (the "**Premises**"). Manager shall provide all utilities and similar office support services (e.g. janitorial services) necessary for Practice to provide Access Services in the Access Center. Subject to the terms of any applicable lease for the Premises and Practice's compliance with its obligations hereunder regarding the use of the Premises, Manager shall be responsible for maintenance and repair of the Premises, subject to normal wear and tear. Manager shall use commercially reasonable efforts to arrange for any Access Center expansions (including the development of additional office space) or renovations set forth in an approved capital budget of Manager.

3.6 **Equipment**. Manager shall provide all of the medical and non-medical equipment (including computer systems), furniture, furnishings and fixtures reasonably necessary to operate the Access Center (the "**Equipment**"), which shall initially consist of the assets contributed to Manager as contemplated by the Membership Interest Purchase Agreement. Subject to the terms of any applicable equipment leases and Practice's compliance with its obligations hereunder regarding the use of Equipment, Manager shall be responsible for maintenance and repair of the Equipment, subject to normal wear and tear. The Equipment shall at all times remain the sole and exclusive property of Manager and shall remain at the premises. Manager shall use commercially reasonable efforts to arrange for any Equipment purchase or lease set forth in an approved capital budget of Manager.

3.7 **Supplies**. Manager shall provide all medical, office and other supplies reasonably necessary for the provision of Access Services at the Access Center; provided, however, that Manager shall simply assist Practice in obtaining Practice Medical Supplies to the extent such supplies are required by Applicable Law to be obtained by Practice. Initially, the assets comprising the supplies shall consist of those supplies contributed to Manager by Practice under the Membership Interest Purchase Agreement. The supplies shall at all times remain the sole and exclusive property of Manager and shall remain at the Premises.

3.8 **Compliance; Licenses and Permits**. Manager shall comply with Applicable Law in the conduct of its business. Manager shall provide support, with the assistance and cooperation of Practice, in connection with Practice's obtaining and maintaining the licenses, permits, and Medicare and Medicaid provider numbers required or appropriate in connection with the operation of the Access Center in compliance with Applicable Law; provided, however, that the Parties expect that Practice's existing Medicare and Medicaid provider numbers will not change. Manager shall use commercially reasonable efforts to administer and follow the policies and procedures of the Access Center.

3.9 **Accounting and Tax Matters**. Manager shall establish and administer accounting procedures, controls, and systems for the preparation of financial records and books of account relating to the Access Center. Manager shall deliver to Practice, within 30 days after the end of each month, and within 120 days after the end of each calendar year, financial statements for such periods related to the provision of Access Services. In addition, Manager shall prepare or assist in the preparation of other financial statements or information related to the provision of Access Services as Practice may reasonably request. Practice shall have the right, at its expense, to have its independent accountants review such financial statements, financial records and books of account during Manager's normal business hours on reasonable notice to Manager. Manager shall provide, from the available data maintained by Manager, the Access Center data reasonably requested by Practice for the preparation of Practice's annual income tax returns.

3.10 **Software and Database Services**. Manager shall provide software and database services that are reasonably necessary to operate the Access Center. Practice

hereby approves Manager's use of FVC's proprietary database services for vascular access centers.

3.11 **Disclaimers**. MANAGER MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (I) THAT THE SERVICES PROVIDED BY MANAGER WILL RESULT IN ANY PARTICULAR AMOUNT OR LEVEL OF ACCESS SERVICES OR INCOME TO PRACTICE, (II) WITH RESPECT TO THE WORK TO BE PERFORMED BY ARCHITECTS, ENGINEERS, CONSULTANTS AND CONTRACTORS PROVIDING SERVICES TO ANY PREMISES OR (III) WITH RESPECT TO THE PREMISES, EQUIPMENT, SUPPLIES OR THIRD-PARTY SOFTWARE FOR THE ACCESS CENTER, INCLUDING WITHOUT LIMITATION, THE DESIGN OR CONDITION THEREOF, THEIR MERCHANTABILITY, CAPACITY, QUALITY, DURABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THEIR COMPLIANCE WITH GOVERNMENT REGULATIONS, THE QUALITY OF THEIR MATERIAL OR WORKMANSHIP OR THEIR CONFORMITY TO ANY SPECIFICATIONS, AND MANAGER HEREBY DISCLAIMS ALL SUCH WARRANTIES AND REPRESENTATIONS.

4. **COVENANTS AND RESPONSIBILITIES OF PRACTICE.** During the Term, Practice shall have the following obligations.

4.1 **Access Physicians**. Practice shall make available, solely pursuant to Physician Services Agreements, Physicians who meet the qualification standards set forth in Section 4.3 (each, an **"Access Physician"**) to provide Access Services to patients at the Access Center. Practice shall provide a sufficient and appropriate number of Access Physicians to ensure that Access Services are promptly made available to patients at the Access Center and that the Access Center is adequately staffed by Access Physicians during normal business hours. Practice's Physician Services Agreements with Access Physicians shall not include any provision that would cause such agreements to be in breach of the terms of this Agreement. Practice shall be solely responsible for the supervision and performance by the Access Physicians of Access Services.

4.2 **Access Physician Compensation**. Practice shall be responsible for paying the applicable costs and expenses for all Access Physicians, including paying compensation to, and providing any applicable fringe benefits (including professional liability insurance) for, all Access Physicians. Practice shall also be responsible for making any withholdings related to the Access Physicians for income tax, unemployment insurance, and social security to the extent required under Physician Services Agreements or Applicable Law. Manager shall have no responsibility for any costs or expenses of Access Physicians.

4.3 **Professional Standards**. Practice shall ensure that each Access Physician meets the following qualification standards: (a) each Access Physician shall at all times have a valid and unrestricted license to practice medicine in the State that has never been suspended, revoked or otherwise restricted or terminated, shall have complied with all continuing medical education requirements imposed by State law, shall be in good standing with the Medical Board of the State, and shall have appropriate board and other

certifications required to render the Access Services provided by such Access Physician; (b) each Access Physician shall possess a valid DEA registration and state controlled substance registration certificate; (c) each Access Physician shall be covered by the malpractice insurance required for Practice in Section 9.2; (d) each Access Physician shall have privileges at one or more acute care hospitals designated by Practice; (e) each Access Physician shall be qualified and enrolled to provide reimbursable services under Medicare, Medicaid and each other applicable federal and state health care program and third party payor program in which Practice participates, and no Access Physician shall have been suspended, excluded, debarred or otherwise not permitted to continue to participate in the Medicaid and/or Medicare programs or any other applicable federal or state health care or third party payor program; and (f) no Access Physician shall have been indicted or convicted of, or plead guilty to (including a plea of nolo contendere), an offense related to health care, billing and/or submission of claims, or a felony or misdemeanor involving moral turpitude. Prior to an Access Physician providing Access Services at the Access Center, Practice shall provide to Manager documentation reasonably requested by Manager to evidence the qualifications set forth in this Section 4.3. Practice shall immediately notify Manager in writing upon becoming aware that any Access Physician does not meet the qualifications of this Section 4.3, and Practice shall not permit any Access Physician who does not meet such qualifications to provide Access Services at the Access Center unless approved in writing by Manager.

4.4 **Quality Assurance**. Practice shall implement with Manager's assistance, the peer-review, quality assurance and compliance programs approved by the Policy Board pursuant to which Practice shall monitor and evaluate the consistency, quality, cost effectiveness and medical necessity of Access Services provided by Access Physicians to ensure that such care meets currently accepted standards of medical competence and is in accordance with currently approved methods and practices in the medical profession.

4.5 **Compliance; Licenses and Permits**. Practice shall remain legally organized and authorized to provide Access Services in a manner consistent with Applicable Law. Practice shall comply, and shall cause the Physicians to comply, with Applicable Law in the conduct of Practice's business. Practice shall obtain and maintain, and shall cause all Access Physicians to maintain and obtain, all necessary or appropriate licenses, permits and Medicare and Medicaid provider numbers to operate the Access Center in compliance with Applicable Law. Practice shall provide notice to Manager of any threatened or actual termination or suspension of any license, permit or provider number, and of any event or condition that may lead to a termination or suspension of any license, permit or provider number, as soon as reasonably practicable after obtaining knowledge thereof. Practice shall use commercially reasonable efforts to follow, and to cause Physicians to follow, the duly adopted policies and procedures applicable to the Access Center.

4.6 **Non-Physician Staff**. Practice shall advise Manager with respect to the selection, retention, employment, training and termination of all personnel provided by Manager. Practice shall provide appropriate professional training, supervision and direction to all such personnel providing medical care to, and the coding of medical procedures, for patients at the Access Center.

4.7 **Medical Records**. Practice shall maintain and shall ensure that the Access Physicians promptly prepare all medical records for Access Services provided at the Access Center in accordance with Applicable Law, third party payor requirements and the duly adopted policies and procedures for the Access Center. All medical records shall at all times remain Practice's property; provided, that Manager shall provide the staff to manage the medical records department and Practice shall provide Manager and FVC with access to and copies of such records as reasonably necessary for Manager and FVC to perform their respective obligations under this Agreement and the Subcontract. Notwithstanding the foregoing, no patient records will be made available without the written consent of the patient if required by Applicable Law. Practice shall provide Manager and FVC with copies of all Explanation of Benefit forms received by Practice from payors for all Access Services provided by Practice at the Access Center to allow Manager and FVC to reconcile payments against accounts receivable and otherwise perform Manager's obligations under this Agreement and FVC's obligations under the Subcontract.

4.8 **Medical Supplies**. Practice shall obtain and stock all inventories of pharmaceuticals and other supplies that a licensed health care provider must purchase, maintain, or secure (collectively, "**Practice Medical Supplies**"). Whenever practicable, permissible under Applicable Law, and cost and quality competitive, Practice shall utilize any Manager group purchasing programs and formularies.

4.9 **Equipment**. Practice shall advise Manager of any Equipment required to maintain the Access Center in a manner suitable to provide Access Services. Practice agrees to use the Equipment solely for the purposes for which it was designed and manufactured and not for any illegal purpose.

4.10 **Other Access Center Obligations**. Practice shall ensure that Practice's name is posted at the entrance to the Access Center to identify the Access Center as a location of Practice's regular practice of medicine and, if Practice fails to do so, Practice hereby authorizes Manager to do so. Practice shall not make any alterations to the Premises without the prior written approval of Manager. Practice shall promptly remove, upon request by Manager, any alteration made to the Premises without Manager's written consent. Upon expiration or earlier termination of this Agreement, all permitted alterations to the Premises improvements shall become the property of the party entitled thereto under the applicable lease. Practice shall observe faithfully and comply strictly with any rules and regulations that Manager may from time to time reasonably adopt for the safety, operations, care and cleanliness of the Premises or the preservation of good order therein. Practice shall not commit, or permit any Physician to commit, any act or omission which breaches any obligations under any applicable lease of the Premises.

4.11 **Contracts**. Practice shall not amend, modify or waive, or permit the amendment, modification or waiver of, any provision of any material contract related to the Access Center to which the Practice or its assets are bound, in each case other than in a manner that could not reasonably be expected to affect Manager adversely in any material respect (provided that Practice shall give Manager written notice at least three

Business Days' prior to the adoption of any such amendment, modification or waiver, together with certified copies thereof).

4.12 **Acknowledgment**. Practice hereby acknowledges and agrees that Manager shall not be liable to Practice or any Physician for any consequential, special or incidental liability, loss or damage caused or alleged to be caused directly or indirectly through any action or inaction on the part of Manager hereunder or otherwise, including without limitation, by any defect or deficiency in the development, construction or manufacture of the Premises, any Equipment or any supplies, whether based upon breach of contract or warranty, negligence or other legal theory.

5. POLICY BOARD.

5.1 **Formation and Operation of the Policy Board**. The Parties shall establish a policy board (the "**Policy Board**") which shall have the duties set forth in **Section 5.2**. The Policy Board shall consist of five (5) members, of which two (2) members shall be designated by Manager and three (3) members shall be designated by Practice, with all of Practice's members being Physicians who hold and maintain valid and unrestricted licenses to practice medicine in the State. Except for those matters which shall require the approval of four (4) members of the Policy Board (a "**Supermajority Vote**"), any matter decided by a majority of the members of the Policy Board shall constitute the decision of the Policy Board with respect to such matter. The initial members of the Policy Board are set forth on Exhibit 5.1.

5.2 **Duties and Responsibilities of the Policy Board**. The Policy Board shall have the following duties and obligations:

5.2.1 **Patient Fees**. To the extent permitted by Applicable Law, the Policy Board shall review and advise Practice as to an appropriate fee schedule for all Access Services rendered at the Access Center, which fee schedule shall ultimately be determined by Practice in its sole discretion.

5.2.2 **Payor Relationships**. Decisions regarding relationships between the Access Center and institutional health care providers and third party payors shall be made by the Policy Board, subject to Practice's sole authority to execute contracts related thereto to the extent required by Applicable Law.

5.2.3 **Access Center Development**. The Policy Board shall periodically develop business plans, marketing plans and other strategic initiatives for the growth and improvement of the Access Center.

5.2.4 **Ancillary Services**. The Policy Board shall approve Access Services constituting ancillary services, including pursuant to clauses (ii) and (iii) of the definition of Access Services, by a Supermajority Vote (not to be unreasonably withheld or delayed), and shall consider factors such as pricing, access to and quality of such services, and compliance with Applicable Law.

5.2.5 Physician Services Agreements. The Policy Board shall review (without approval rights) any Physician Services Agreement, any amendment, supplement, modification or replacement thereof, or any replacement or additional contract or arrangement to provide Physician staffing at the Access Center.

5.2.6 Quality Assurance; Policies and Procedures. The Policy Board shall review and adopt all peer review, quality assurance and compliance programs and all policies and procedures for the Access Center, including any amendments or supplements thereto; provided, that a Supermajority Vote of the Policy Board shall be required for new programs, policies and procedures, or amendments or supplements to existing programs, policies and procedures, that materially expand the duties or financial obligations of Manager under this Agreement and the Subcontract.

6. FINANCIAL MATTERS.

6.1 Billing and Collections. Throughout the Term, the Parties shall have the following obligations related to billing and collections:

6.1.1 Practice Obligations. After consulting with the Policy Board under Section 5.2.1, Practice shall set all medical fees and shall provide Manager and FVC with the fee schedule and all updates thereto. Practice shall provide to Manager and FVC and shall maintain accurate, legible, complete, proper and timely documentation of all Access Services and related information required for billing purposes and to demonstrate the medical necessity of Access Services in conformity with applicable professional standards, Applicable Law and duly adopted Practice policies and procedures. Practice shall be solely and exclusively responsible for coding for Access Services utilizing Current Procedural Terminology (CPT) and for diagnoses utilizing the current version of the International Codes for Diseases. Practice shall, and shall cause each Access Physician to, cooperate fully with Manager's and FVC's billing personnel and provide such information and execute such documents as shall be reasonably necessary for such billing personnel to prepare, process and collect bills for Access Services.

6.1.2 Manager Obligations. Manager shall bill third parties for Access Services using Practice and Access Physician provider numbers and shall use commercially reasonable efforts to collect all billable services. Manager's authority shall include, but not be limited to (i) extending the time of payment of any accounts receivables; (ii) discharging, settling or releasing the obligors of any such accounts receivables, (iii) suing, assigning or selling at a discount any accounts receivables, or (iv) taking other measures to procure the payment of any accounts receivables. Manager shall have no obligation to submit bills for any claim that Manager believes is not reimbursable under the particular circumstances, and while Manager may elect to pursue litigation to collect accounts, Manager shall have no obligation to do so.

6.2 **Special Power of Attorney**. In connection with services to be provided hereunder and under the Subcontract, throughout the Term, Practice hereby grants Manager (and FVC pursuant to the Subcontract), a special power of attorney and appoints Manager and FVC as Practice's true and lawful agents and attorneys-in-fact, and Manager and FVC hereby accept such special power of attorney and appointment, for the following purposes:

(a) To bill Practice's patients, in Practice's name and on Practice's behalf, for Access Services provided by or on behalf of Practice;

(b) To bill all claims for reimbursement or indemnification to insurance companies, Medicare, Medicaid, and all other third-party payors and fiscal intermediaries, in Practice's name and on Practice's behalf, for Access Services provided by or on behalf of Practice;

(c) To deposit all amounts collected on behalf of Practice for Access Services into the Operating Account described below;

(d) To make and authorize disbursements from the Operating Account to pay the Management Fee and amounts due under Physician Services Agreements on behalf of Practice;

(e) To take possession of, endorse in the name of Practice, and deposit into the Operating Account any notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable for Access Services. Manager shall be responsible for the loss, theft, or disappearance of such payments caused by its gross negligence, from the time of receipt by Manager until they are delivered to a common carrier or the applicable financial institution.

The special powers of attorney granted in this Agreement shall be coupled with an interest. Such special powers of attorney shall expire when this Agreement has been terminated (subject to Section 7.5). At Manager's request, Practice shall execute and deliver to the financial institution where the Operating Account is maintained such additional documents or instruments as may be necessary to evidence or effect the special powers of attorney described above. With respect to any Operating Account into which receivables payable by a federally funded health care program (including Medicare and Medicaid) are paid, Practice may revoke the special powers of attorney granted herein at any time, with or without cause, immediately upon written notice to Manager; provided, however, that such revocation shall constitute a material breach of this Agreement and shall subject Practice to all the rights and remedies afforded Manager hereunder in the event of Practice's material breach.

6.3 **Operating Account; Payment Address**. Practice agrees to establish one or more segregated bank accounts, solely for funds related to Access Services, whose deposits are insured by the Federal Deposit Insurance Corporation ("**FDIC**") at a bank selected by Practice (collectively, the **"Operating Account"**), which account shall be

and at all times remain in Practice's name and under Practice's control, subject to the security interest granted pursuant to this Agreement. Practice covenants to transfer and deliver to Manager or FVC for deposit into the Operating Account all funds received by or on behalf of Practice from patients or third party payors for Access Services. Upon receipt by Manager or FVC of any funds from patients or third party payors or from Practice pursuant hereto for Access Services, Manager or FVC, as applicable, shall immediately deposit the same into the Operating Account. Practice shall designate at least two of Manager's designees (who shall be FVC employees pursuant to the Subcontract) as the sole authorized signatories on the Operating Account; Manager shall inform Practice of the identity of such designees and may, from time to time, specify different persons to be the signatories. To the extent practicable and permitted by Applicable Law, Practice and Manager shall establish an address to which payments on receivables for Access Services and Explanation of Benefits forms for Access Services shall be directed that shall be different from the address for payments on the other receivables and Explanation of Benefits forms of Practice.

6.4 **Overpayments**. For the express purposes of this Agreement as they pertain to the billing and receiving of payments for patient accounts for Access Services in accordance with the fee schedule established and maintained by Practice, Manager agrees to cooperate with and support Practice in investigating any inquiries and investigations by or on behalf of payors. If any internal or external audit demonstrates that Practice has received overpayments from third-party payors or submitted claims for payments that would result in overpayments from third-party payors (collectively, **"Overpayments"**), including without limitation from Medicare or Medicaid, Manager shall be empowered to negotiate and execute the repayment by Practice of the Overpayments to such third-party payors.

6.5 **Fees**.

6.5.1 **Management Fee**. As a fee for all development, administrative and management services provided hereunder (the "**Management Fee**"), the Parties agree that Manager shall be entitled to the fees and reimbursements set forth on Exhibit 6.5.1 attached hereto. The Management Fee shall be paid on a monthly basis, payable on or before the 20th day of each month for the preceding month. Payments that are more than ten (10) days late shall accrue interest at the rate of one percent (1%) per month. As of each April 1, July 1, October 1 and January 1 during the Term, commencing January 1, 2013, the Management Fee shall be re-set by mutual agreement of the parties to reflect fair market value and the scope of development, administrative and management services provided by Manager hereunder consistent with the approach taken in calculating the initial Management Fee based on the pro forma income statement of the Business. Upon any failure to reach agreement, either party may submit such dispute for resolution pursuant to Section 10.7. Pursuant to the power of attorney granted to Manager in Section 6.2 and in payment of the Management Fee, Manager is authorized to disburse the cash proceeds of Net Collections deposited in the Operating Account to a bank account of Manager to pay any Management Fee then due and owing.

6.5.2 **Acknowledgments**. The Parties acknowledge that Manager will incur substantial costs and business risks in providing project development services to the Access Center and providing management assistance pursuant to this Agreement. The Parties also acknowledge that such costs and business risks can vary to a considerable degree according to the extent of Practice's business and services. It is the intent of the Parties that the fees paid to Manager be reasonable and approximate its actual costs and expenses plus a reasonable return considering the investment made by Manager and the fair market value of the services provided by Manager. Accordingly, the Parties acknowledge that the Management Fee reflects the Parties' negotiated agreement as to the reasonable fair market value of Manager's services, considering the nature and extent of the services required and the investment made by Manager. The Parties further acknowledge that payment of the Management Fee is not intended to be, and shall not be interpreted or applied as permitting, Manager to share in Practice's fees for medical services (all of which are being compensated pursuant to the Physician Services Agreements).

6.6 **Grant of Security Interest**. To secure all Management Fees payable to Manager, Practice hereby grants to Manager a first priority security interest in (i) all of the accounts receivable of Practice related to Access Services, (ii) all proceeds of such accounts receivable, and (iii) the Operating Account and all cash deposited therein (collectively, the "**Collateral**"). From time to time, Practice shall promptly execute and deliver any and all further instruments and documents, and take all further action that Manager may reasonably request, in order to perfect any security interest granted or purported to be granted by Practice hereunder or to enable Manager to exercise and enforce its rights and remedies hereunder with respect to the Collateral. Without limiting the generality of the foregoing, Practice shall execute and file, and hereby authorizes Manager to execute and file on behalf of and in the name of Practice, such security agreements, deposit account control agreements, financing and continuation statements (and amendments thereto), and such other instruments or notices, as may be deemed necessary or desirable by Manager in order to perfect and preserve the security interests granted or purported to be granted by Practice to Manager hereunder. Notwithstanding the foregoing grant of a security interest, this Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest is prohibited by Applicable Law or requires a consent not obtained of any governmental authority pursuant to Applicable Law; provided, however, that for purposes of the foregoing it is understood and agreed that Practice will use its reasonable efforts to obtain a consent if permitted by Applicable Law. The provisions of this Section 6.6 shall survive the termination or expiration of this Agreement until all of Practice's payment obligations to Manager are satisfied in full.

7. TERM AND TERMINATION.

7.1 **Initial and Renewal Term**. Unless otherwise terminated in accordance with this Agreement, the Term shall commence on the Effective Date, shall continue until

the twentieth (20th) annual anniversary of the Effective Date, and shall automatically renew for successive five (5) year periods unless either Manager or Practice gives notice of termination of this Agreement at least 180 days before the end of the initial term or any subsequent five-year renewal term.

7.2 Termination for Breach. Either Manager or Practice may terminate this Agreement if there is a material breach of any of the provisions hereof by the other Party. Upon discovery of a material breach of this Agreement, the non-breaching Party shall notify the breaching Party in writing of its desire to terminate this Agreement and shall include in such notice the basis on which termination is being effected. If the breaching Party fails to cure the breach within 90 days after notice, then this Agreement shall terminate on the 91st day following the date of such notice; provided, that in the event that such breach can be cured and good faith efforts to cure have been commenced but not completed within 90 days after such notice, then this Agreement shall not terminate prior to such cure unless the breaching Party fails diligently to pursue the cure to completion or fails to complete such cure within a total cure period of 180 days; and, provided, further, that in the event of an unresolved dispute between the Parties as to whether a material breach exists or with respect to the cure of such material breach, either Manager or Practice may submit such dispute for resolution pursuant to Section 10.7 and the Agreement shall not terminate (based on the notice of breach then at issue pursuant to this Section 7.2) unless and until the procedures set forth in Section 10.7 result in a ruling that a material breach exists that has not been cured. The Parties irrevocably grant any arbitrator who reviews a dispute pursuant to the procedures set forth in Section 10.7 the binding authority to determine the question of whether a material breach exists or has been cured under this Section 7.2.

7.3 Termination For Cause.

7.3.1 Manager Cause. Practice may elect to terminate this Agreement immediately for cause upon the occurrence of any of the following events:

(a) the dissolution or liquidation of Manager; or

(b) the filing of a voluntary or involuntary bankruptcy petition (with respect to an involuntary petition, not dismissed within 60 days); a general assignment for the benefit of creditors; and/or any other similar, material action taken voluntarily or involuntarily under any state or federal statute for the protection of debtors (with respect to an involuntary action, not dismissed within 60 days), in each case with respect to Manager.

7.3.2 Practice Cause. Manager may elect to terminate this Agreement immediately for cause upon the occurrence of any of the following events:

(a) the dissolution or liquidation of Practice;

(b) the filing of a voluntary or involuntary bankruptcy petition (with respect to an involuntary petition, not dismissed within 60 days); a general assignment for the benefit of creditors; and/or any other similar, material action

taken voluntarily or involuntarily under any state or federal statute for the protection of debtors (with respect to an involuntary action, not dismissed within 60 days), in each case with respect to Practice;

(c) the cessation of all or substantially all active clinical operations of Practice;

(d) the sale, lease or other disposition of all or a material portion of Practice's assets to any third party, other than asset sales and leases in the ordinary course of business, or a transfer of ownership interests in Practice that violates Manager's Limited Liability Company Agreement;

(e) the initiation and continuation of a management relationship pursuant to which a third party manages all or a material portion of the operations of Practice under a management, administrative or similar services agreement; or

(f) Practice's loss or suspension of its Medicare or Medicaid provider number and/or Practice's restriction, suspension or exclusion from treating beneficiaries of the Medicare or Medicaid programs, so long as such loss, suspension, restriction, suspension or exclusion is for more than 60 days.

7.4 **Legal Event.** The Parties acknowledge that this Agreement has been negotiated and entered into to effect compliance with the provisions of the Medicare and Medicaid anti-kickback statute, 42 U.S.C. § 1320a-7b(b), the Stark law, 42 U.S.C. § 1395nn, and Applicable Law. Notwithstanding any other provision of this Agreement, if any Legal Event occurs, such occurrence shall be addressed as set forth in Manager's Limited Liability Company Agreement and may lead to a termination of this Agreement.

7.5 **Effects of Expiration or Termination.** Upon the expiration or termination of this Agreement, neither Party shall have any further obligations under this Agreement except for (i) obligations accruing prior to the date of expiration or termination, including, without limitation, payment of all Management Fees, and (ii) obligations, promises, or covenants set forth in this Agreement that are expressly made to extend beyond the Term; provided, that upon any termination of this Agreement other than (a) a termination by Manager under Section 7.2 due to a breach by Practice or (b) a termination by Manager under Section 7.3.2, the restrictive covenants set forth in Sections 8.3, 8.4, 8.5 and 8.6 shall be of no further force and effect and shall not survive such termination. Notwithstanding the foregoing, in the event of a termination under Sections 7.2 or 7.3, each Party shall retain all remedies available to it at law or in equity by reason of such breach, including, without limitation, claims for lost profits or diminution in value, but in no event under this Section or any other Section of this Agreement shall any Party be entitled to recover any punitive or treble damages (in each case, unless asserted in a third party claim for which a Party is required to indemnify the other Party pursuant to Section 9.3), whether based on statute, contract, tort or otherwise. Upon the expiration or termination of this Agreement, Practice shall immediately surrender to Manager the premises of the Access Center and all Equipment and other assets of Manager at the Access Center. Upon the expiration or termination of this

Agreement and if any Management Fee obligations of Practice remain outstanding, Manager shall be entitled (i) to exercise in respect of the Collateral all of its rights, powers and remedies provided for herein, by law, in equity or otherwise, including all rights and remedies of a secured party under the UCC, and (ii) to apply the proceeds collected by Manager from the exercise of such remedies (A) first, to pay all costs and expenses incurred by Manager from its exercise of such remedies, (B) second, after all of the costs and expenses referred to in **clause (A)** are paid in full, to pay any Management Fee obligations of Practice, and (C) third, after payment in full of the amounts referred to in **clauses (A)** and **(B)**, to the Practice or any other person lawfully entitled to receive such surplus.

8. RESTRICTIVE COVENANTS.

8.1 **Proprietary Marks**. None of Manager, FVC, Practice, any Physician or any Affiliate thereof shall use any of the other's names, logos, or other trademarks/service marks without the prior written consent of the owner of such intellectual property.

8.2 **Confidentiality**. Each of Practice and Manager agrees to keep confidential, and to use only for purposes of fulfilling its obligations and pursuing its rights under this Agreement, the Subcontract and at the Access Center, all Confidential Information of FVC. Each of Practice and Manager also agrees (i) to place any person to whom it discloses Confidential Information of FVC under a legal obligation to treat such Confidential Information as strictly confidential, and (ii) to be responsible for any breaches of this Section 8.2 by such persons. Notwithstanding the foregoing, each of Practice and Manager may make disclosure of Confidential Information of FVC to the extent required by Applicable Law if the disclosing person (i) gives FVC written notice of such proposed disclosure in reasonable detail, as far in advance of such disclosure as practicable, (ii) cooperates reasonably with FVC in its efforts to protect the information from disclosure, and (iii) limits its disclosure to the minimum required by legal requirements unless the other persons agree in writing to a greater level of disclosure. Each of Practice's and Manager's obligations under this Section 8.2 shall survive the termination or expiration of this Agreement.

8.3 **Employee Non-Solicit**. Practice acknowledges that Manager and FVC have invested, and will continue to invest, substantial time and effort in assembling and training its present staff and personnel, including personnel who provide services hereunder and under the Subcontract. In addition, as a result of employment by Manager or FVC, such personnel have gained, and will continue to gain, knowledge of the business affairs, marketing and methods of operation of Manager and FVC that Practice agrees are confidential information and trade secrets of Manager and FVC, respectively. Accordingly, at all times after the Effective Date, during the Term, and for a period of two (2) years after the Term, neither Practice nor any Affiliate of Practice shall, at any time, directly or indirectly solicit or induce for employment any employee known to be an employee of Manager or FVC (it being understood that the Practice and its Affiliates shall have a duty to reasonably inquire as to whether any solicited or induced employee is employed with Manager or FVC) or solicit or induce any such employee to terminate

employment or other contractual arrangements between Manager or FVC and such employee. The foregoing restrictions shall not prevent the posting of a general advertisement for employment or the hiring of any person who approached Practice or one of its Affiliates so long as Practice or such Affiliate did not initiate the recruitment contact with the employee.

8.4 **Non-competition**. Practice acknowledges that the covenants set forth in this Section 8.4 are reasonable, necessary, and enforceable to protect the legitimate interests of Manager, and that Manager would not have entered into this Agreement in the absence of such covenants. Accordingly Practice covenants and agrees that at all times after the Effective Date, during the Term, and for a period of two (2) years after the Term, Practice and its Affiliates shall not (except with respect to the Access Center or with the prior consent of Manager) engage or participate, directly or indirectly, either as principal, officer, director, agent, proprietor, shareholder, owner, partner, consultant, manager or employee, in (i) the ownership, management or control of any business providing Access Services in a non-acute care setting (the "**Restricted Business**") located within a twenty-five (25) mile radius of the Access Center (the "**Exclusive Territory**"), whether conducted as a part of a physician practice or as a free standing facility or (ii) the ownership or lease (as lessor or lessee) of any vascular access center assets (other than accounts receivable and Practice Medical Supplies from the Access Center) that are used to conduct the Restricted Business within the Exclusive Territory; provided, however, that the foregoing shall not (A) restrict Practice or its Affiliates from providing physician services for fair market value at usual and customary fees as an employee or independent contractor for any Person, including without limitation any physician practice or hospital, (B) require Practice or its Affiliates to admit individuals, or refer any other business, to the Access Center, (C) require Practice or its Affiliates to prescribe, utilize or purchase any items or services from the Access Center or from Manager or its Affiliates, (D) restrict Practice or its Affiliates from referring or admitting individuals to any other vascular access center, hospital or entity, (E) restrict Practice or its Affiliates from owning up to (but not more than) two percent (2%) of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934, as amended or (F) prohibit Practice or its Affiliates from engaging in any such activity through its current operations (excluding, for these purposes, the operations of the Access Center) as of the date hereof.

8.5 **Remedies**. If Practice or any of its Affiliates breaches any obligation contained in Article 8, in addition to any other remedies available under this Agreement, at law or in equity, Manager shall be entitled to enforce such obligations by injunctive relief and by specific performance, such relief to be without the necessity of posting a bond, cash or otherwise. Nothing in this paragraph shall limit Manager's right to recover any other damages to which it is entitled as a result of such breach. If any provision of any restrictive covenant contained in Sections 8.3 or 8.4 is held by a court of competent jurisdiction to be unenforceable due to an excessive time period, geographic area, or restricted activity, such restrictive covenant shall be reformed to comply with the time period, geographic area, or restricted activity that would be held enforceable. If Practice

or any of its Affiliates violates any restrictive covenant contained in Sections 8.3 or 8.4, then the duration of the applicable restrictive covenant shall be extended an additional month for each month during which such violation occurred but was not discovered by Manager, beginning upon the date that Manager learns of the violation and so notifies Practice in writing.

8.6 **Restrictive Covenants for Physicians**. Practice shall, subject to restrictions under Applicable Law (including applicable immigration law), (i) obtain from each Physician who holds any equity interest in Partner Entity and each Access Physician who provides Access Services at the Access Center and (ii) use commercially reasonable efforts, consistent with Practice's historical practice in employing physicians or contracting for physician services, to obtain from each of its other Physicians who provides Access Services (excluding pediatric and transplant nephrologists who do not provide Access Services at the Access Center and excluding any part-time Physician who provides only locum tenens services on a temporary or periodic basis), restrictive covenants ("**Covenants**") that materially conform to the provisions of Sections 8.2, 8.3 and 8.4; provided, that (i) the noncompetition covenant shall also cover the performance of Access Services (except that it shall not prohibit such Physicians from providing currently contracted medical services), (ii) the "Exclusive Territory" for the noncompetition covenant shall be limited to the greater of a 10-mile radius of the Access Center and the county lines for the county in which the Access Center is located, (iii) the Covenants shall apply solely for the period of each such Physician's employment or contractual relationship with, and/or ownership of equity in, Practice and for one year thereafter and (iv) Practice shall not be required to obtain such Covenants to the extent such Physician's existing Physician Services Agreement contains materially similar covenants. In the event of a Physician's non-compliance with his/her Covenants (or any similar covenants in applicable Physician Services Agreements), Practice shall, at its expense, exercise commercially reasonable efforts to enforce such Covenants. In no event shall Practice amend, waive, assign or terminate such Covenants without the consent of Manager.

9. INSURANCE; INDEMNIFICATION.

9.1 **Manager's Insurance**. Manager shall obtain and maintain the following insurance coverages:

(a) the equivalent of ISO special form property insurance on its assets in the amount of the full replacement value thereof;

(b) commercial general liability insurance (on an occurrence form) (including professional liability and errors and omissions) in an amount of at least One Million Dollars ($1,000,000) per occurrence, and Three Million Dollars ($3,000,000) general aggregate, single limit for bodily injury and property damage combined, and including contractual liability (hold harmless) insurance covering the obligations of Manager under this Agreement;

(c) statutory worker's compensation for Support Personnel; and

(d) umbrella liability insurance in the amount of at least Four Million Five Hundred Thousand Dollars ($4,500,000).

Such insurance maintained by Manager shall be primary for Manager and shall be noncontributory with respect to any insurance arranged by Practice. The insurance agreed to herein may be in a combination of self-insured retention, primary and/or umbrella insurance. Any self-insured retention and/or deductible is the sole responsibility of Manager, and shall be treated the same as if it were valid and collectible insurance. This insurance shall be placed with a company or companies with current Best's Strength Financial Rating(s) of at least B+ and a Best's Financial Category of at least VII, and, except for **(a)** and **(c)** above, shall include Practice as additional insured (solely with respect to claims arising out of the services to be provided under the terms of this Agreement), with a provision giving Practice, at the address shown herein, at least 30 days prior written notice of cancellation, non-renewal, or material reduction of the coverage. Manager shall pay the premiums for the insurance and shall be reimbursed by Practice for such premiums pursuant to **Section 6.5.1**. Certificates of insurance confirming the required insurance coverages, amounts and terms shall be delivered to Practice upon request by Practice.

9.2 **Practice's Insurance**. Practice shall obtain and maintain the following insurance coverages:

(a) commercial general liability insurance (on an occurrence form) in an amount of at least One Million Dollars ($1,000,000) per occurrence, and Three Million Dollars ($3,000,000) general aggregate, single limit for bodily injury and property damage combined; and

(b) malpractice insurance in an amount not less than $1,000,000 per occurrence (on claims made basis) and $3,000,000 in annual aggregate, which insurance shall also cover losses for bodily injury and property damage arising from Practice's or any Physician's negligent acts and omissions in the role of a treating physician.

Such insurance maintained by Practice shall be primary for Practice. Any self-insured retention and/or deductible is the sole responsibility of Practice, and shall be treated the same as if it were valid and collectible insurance. This insurance shall be placed with a company or companies with current Best's Financial Strength Rating(s) of at least B+ and a Best's Financial Size Category of at least VII, with a provision giving Manager, at the address shown herein, at least 30 days prior written notice of cancellation, non-renewal, or material reduction of the coverage. Certificates of insurance confirming the required insurance coverages, amounts and terms shall be delivered to Manager, at the address shown herein, on or prior to the Effective Date and annually thereafter, without demand by Manager. Practice represents and warrants that it shall not permit any Access Physician for whom professional liability insurance cannot be reasonably obtained or whose professional liability insurance is cancelled to provide Access Services at the Access Center until such time as a professional liability policy is reinstated. Practice shall notify Manager as soon as reasonably practicable following receipt of notice or

information that the requirements of this Agreement with respect to professional liability insurance are not being complied with.

9.3 Indemnification.

9.3.1 Manager Indemnification. Manager shall indemnify, defend and hold harmless Practice, and each of Practice's equityholders, Affiliates, officers, directors, partners, agents, attorneys and employees, from and against any and all liabilities, suits, claims, losses, damages and expenses of any kind, including reasonable attorneys' fees ("**Losses**"), arising from the management services provided by Manager hereunder, but only as a result of the willful misconduct or gross negligence of, or a breach of this Agreement by, Manager. Notwithstanding the foregoing, Manager shall not indemnify Practice for the acts or omissions of personnel at the Access Center to the extent that any such acts or omissions were taken under the direct supervision or control of any Physician. In no event shall Manager be liable for the acts or omissions of Practice or any Physician, including, without limitation, any liability arising out of or in connection with claims of professional liability. This Section 9.3.1 shall survive termination or expiration of this Agreement.

9.3.2 Practice Indemnification. Practice shall indemnify, defend and hold harmless Manager, and each of Manager's equityholders, Affiliates, officers, directors, partners, agents, attorneys and employees, from and against any and all Losses arising from (i) the willful misconduct or gross negligence of, or any breach of this Agreement by, Practice or any Physician or (ii) the Access Services provided by any Physician to the extent such Losses are attributable to such Physician's actions or omissions, including, without limitation, any liability arising out of or in connection with claims of professional liability. This Section 9.3.2 shall survive termination or expiration of this Agreement.

9.3.3 Procedures. If any person entitled to indemnification pursuant to this Section 9.3 (an "**Indemnified Party**") has a claim for Losses resulting from the assertion of liability by a third party, such Indemnified Party will, within 30 days after receiving notice thereof, give the Party from whom it seeks indemnification (the "**Indemnitor**") notice of any such third-party claim (provided that the Indemnified Party shall not be subject to any liability or loss for a delay in the delivery of such notice if such delay does not compromise or prejudice any right of the Indemnitor), and the Indemnitor may undertake the defense thereof if (i) the Indemnitor provides written notice to such Indemnified Party that the Indemnitor intends to undertake such defense and will indemnify the Indemnified Parties against all Losses resulting from or relating to such third-party claim pursuant to this Section 9.3, (ii) the Indemnitor provides such Indemnified Party with evidence acceptable to such Indemnified Party that the Indemnitor will have the financial resources to defend against the third-party claim and fulfill its indemnification obligations hereunder, (iii) the third-party claim involves only money damages and does not seek an injunction or other equitable relief, (iv) settlement of, or an adverse judgment with respect to, the

third-party claim is not, in the good faith judgment of such Indemnified Party, likely to establish a precedent adverse to the continuing business interests of such Indemnified Party and (v) the defense of the third-party claim is conducted actively and diligently by legal counsel reasonably acceptable to such Indemnified Party. If the Indemnitor does undertake the defense of such claim in accordance herewith, the Indemnified Party may, by counsel of its choice, participate in such proceedings, negotiations or defense at its own expense. The Indemnified Party shall furnish to the Indemnitor in reasonable detail such information as the Indemnified Party may have with respect to such claim, including all records and similar materials that are reasonably required in the defense of such third-party claim. In the event that within 10 days after notice of any such third-party claim, the conditions set forth in clauses (i) through (v) above are not satisfied, or if such conditions later become unsatisfied, the Indemnified Party will (upon further notice to the Indemnitor) have the right to undertake the defense, compromise or settlement of such claim, and shall continue to have all rights to indemnification hereunder. In that case, the Indemnitor may elect to participate in such proceedings, negotiations or defense at any time at its own expense, subject to any claims the Indemnified Party may thereafter have under this Section 9.3. No Indemnitor and no Indemnified Party may settle any claim for which indemnification is sought hereunder without the prior written consent of the other. All fees and expenses payable by Indemnitor pursuant to this Section 9.3 shall be paid from time to time as incurred, both in advance of and after the final disposition of such action or claim.

10. MISCELLANEOUS.

10.1 Status of Parties. It is expressly acknowledged that the Parties are independent contractors, and nothing in this Agreement is intended and nothing shall be construed to create an employer-employee, partnership, joint-venture, or agency relationship. Each of Manager and Practice agrees that such Party shall be solely responsible for all State and federal laws pertaining to employment taxes, income withholding, unemployment insurance and other employment-related statutes applicable to that Party, and each will indemnify and hold the other harmless from any and all loss or liability arising with respect to such matters.

10.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand or a national over-night courier service, by facsimile with subsequent telephone confirmation, or three Business Days after mailing when mailed by registered or certified mail (return receipt requested), postage prepaid, to the Parties in the manner provided below:

PRACTICE: UT Medical Group, Inc.
1407 Union Avenue, Suite 700
Memphis, TN 38104
Facsimile: (901) 302-2025
Attention: General Counsel

MANAGER:	Fresenius Vascular Care Memphis MSO, LLC c/o Fresenius Medical Care North America 920 Winter Street Waltham, MA 02451 Facsimile: (781) 699-9713 Attention: Law Department
WITH A COPY TO:	Fresenius Vascular Care, Inc. 1200 W. Swedesford Road Building 3, Suite 120 Berwyn, PA 19312 Facsimile: (610) 644-8909 Attn: Ronald Rodgers, President

Any Party may change the address or facsimile number to which notice is to be given by notice given in the manner set forth above.

10.3 **Governing Law**. This Agreement shall be governed by the internal laws of the State, without reference to conflicts of law principles.

10.4 **Assignment**. Except as specifically provided in this Agreement to the contrary, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, and assigns; provided, however, that no Party may assign this Agreement without the prior written consent of the other Party. Practice consents to the assignment or delegation of certain of Manager's obligations hereunder pursuant to the Subcontract, but no such assignment or delegation shall relieve Manager of its duties hereunder. Notwithstanding the foregoing, Manager may assign this Agreement (including any assignment by operation of law), in connection with a sale of Manager, whether pursuant to a sale of equity, merger, consolidation, sale of all or substantially all of Manager's assets, or otherwise.

10.5 **Captions; Gender and Number**. Captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or prescribe the scope of this Agreement or the intent of any provision. The masculine gender includes the feminine and neuter genders and the singular includes the plural.

10.6 **Additional Assurances**. At the request of any Party, the other Party shall execute any additional instruments and take any additional acts as may be reasonably required to carry out the intent and purposes of this Agreement.

10.7 **Dispute Resolution/Arbitration**. The Parties shall use good faith negotiation to resolve any dispute that may arise under this Agreement. In the event the Parties cannot reach agreement on any issue, such issue will be settled by binding arbitration before a single arbitrator in accordance with the Rules of Procedure for Arbitration of the American Health Lawyers Association (AHLA) Alternative Dispute Resolution Service, and judgment upon the award rendered by the arbitrator may be

entered in any court having jurisdiction thereof. Such arbitration shall occur in Memphis, Tennessee within 60 days after this arbitration clause is triggered by one Party providing the other Party written notice of arbitration. The arbitrator shall be chosen in accordance with the rules of the AHLA Alternative Dispute Resolution Service then in effect. If the AHLA Alternative Dispute Resolution Service is no longer in effect, then the arbitration shall be conducted as set out above by the American Arbitration Association in accordance with the Commercial Rules of the American Arbitration Association then in effect. Manager and Practice shall share the costs of the arbitrator equally between them. Each Party shall bear its own expenses of preparation for and participation in arbitration, except that the arbitrator may in any such proceeding award reasonable attorneys' fees and costs to the prevailing Party. The statute of limitations applicable to any claim shall be determined as if such claim were being asserted in a state court in the State, for all state law claims, and in a federal court in the State, for all federal law claims, and such statute of limitations shall apply to preclude arbitration of any claim hereunder not brought within the applicable limitation period. Notwithstanding anything herein to the contrary, the Parties reserve the right to proceed at any time in any court having jurisdiction or by self help to exercise or prosecute the following remedies, as applicable: (i) all rights of self help, including peaceful occupation of real property and collection of rents, set off, and peaceful possession of personal property, (ii) pre-judgment garnishment or attachment of property, (iii) a preliminary injunction or temporary restraining order to preserve the status quo or to enforce a Party's rights under any provision set forth in Article 8 and (iv) when applicable, a judgment by confession of judgment. Preservation of these remedies does not limit the power of the arbitrator(s) to grant similar remedies that may be requested by a Party in a dispute. The agreement to arbitrate set forth in this Section 10.7 may only be enforced by the Parties to this Agreement and their permitted successors and assigns, shall survive the termination or breach of this Agreement, and shall be construed pursuant to and governed by the provisions of the Federal Arbitration Act, 9 U.S.C. §1, et seq.

10.8 Force Majeure. No Party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service deemed to result, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by a Party's employees, unavailability of supplies, or any other similar cause beyond the reasonable control of that Party unless the delay or failure in performance is expressly addressed elsewhere in this Agreement.

10.9 Severability; Reformation. If any provision contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless the invalidity of any such provision substantially deprives either Party of the practical benefits intended to be conferred by this Agreement. Notwithstanding the foregoing, any provision of this Agreement held invalid, illegal or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable, and the determination that any provision of this Agreement is invalid, illegal or unenforceable as applied to

particular circumstances shall not affect the application of such provision to circumstances other than those as to which it is held invalid, illegal or unenforceable. To the extent permitted by law, the Parties hereby to the same extent waive any applicable federal, State, and local laws, rules and regulations that renders any provision hereof prohibited or unenforceable in any respect. Nothing in this provision amends, or is intended to amend, Section 7.4 of this Agreement.

10.10 Amendments to Agreement. This Agreement may not be modified, amended, supplemented or waived except by a writing signed by the authorized signatories of the Parties hereto, and such writing must refer specifically to this Agreement.

10.11 Entire Agreement. This Agreement, together with its Appendix and Exhibits and the Subcontract, constitutes the entire agreement of the Parties with respect to matters set forth in this Agreement and supersedes any prior understanding or agreement, oral or written, with respect to such matters, including without limitation that certain letter agreement dated June 26, 2012 between FVC and Practice.

10.12 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be one and the same agreement. Execution by original signature delivered by facsimile transmission or other electronic means shall be deemed to be, and shall have the same effect as, execution by original signature.

10.13 Compliance with HIPAA Requirements. Manager shall execute a Business Associate Agreement in the form attached hereto as Exhibit 10.13.

10.14 Availability of Records. In the event Manager is determined to be a subcontractor under the applicable provisions of the Social Security Act, including Section 1861(v)(1)(I) of the Social Security Act and related regulations, Manager will, until the expiration of four (4) years after the furnishing of services under this Agreement, make available upon the request of federal officials or their representatives, this Agreement and Manager's books, documents and records as may be necessary to certify the nature and extent of the cost incurred by Practice and services provided pursuant to this Agreement. This requirement shall adopt and incorporate by reference the applicable provisions of the Social Security Act with respect to the availability of all such subcontractor books and records.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, Manager and Practice have caused this Agreement (including without limitation the powers of attorney granted herein by Practice to Manager and FVC) to be executed all as of the day and year first above written.

MANAGER:

FRESENIUS VASCULAR CARE MEMPHIS MSO, LLC

By: UTMG Vascular Access Physicians, LLC, its sole member

By: _____

Name: James Lacey Smith, M.D.

Title: Chairman

PRACTICE:

UT MEDICAL GROUP, INC.

By: _____

Name: James Lacey Smith, M.D.

Title: CEO

Solely for purposes of Sections 6.2, 8.1 and 8.2:

FVC: FRESENIUS VASCULAR CARE, INC.

By: _____

Name: Ronald H. Rodgers

Title: President

IN WITNESS WHEREOF, Manager and Practice have caused this Agreement (including without limitation the powers of attorney granted herein by Practice to Manager and FVC) to be executed all as of the day and year first above written.

MANAGER:

FRESENIUS VASCULAR CARE MEMPHIS MSO, LLC

By: UTMG Vascular Access Physicians, LLC, its sole member

By: _____

Name: _____

Title: _____

PRACTICE:

UT MEDICAL GROUP, INC.

By: _____

Name: _____

Title: _____

Solely for purposes of Sections 6.2, 8.1 and 8.2:

FVC: FRESENIUS VASCULAR CARE, INC.

By: Ronald H. Rodgers

Name: Ronald H. Rodgers

Title: President

Appendix A

"**Access Center**" means the outpatient, medical office location made available to Practice by Manager pursuant to this Agreement where Practice provides Access Services to patients.

"**Access Physician**" has the meaning set forth in Section 4.1.

"**Access Services**" means the following outpatient services and procedures provided in a non-acute care setting: (i) vascular access and interventional radiology services and procedures and delivery or administration of related devices, products and pharmaceuticals in the treatment of end-stage renal disease; (ii) treatment of other vascular disease (including venous and peripheral arterial disease), and delivery or administration of related devices, products or pharmaceuticals, provided that such services are provided at the Access Center as approved by the Policy Board pursuant to Section 5.2.4; and (iii) any other services and procedures provided at the Access Center as approved by the Policy Board pursuant to Section 5.2.4.

"**Affiliate**" means (i) with regard to any Person who is an individual, such Person's Spouse, a trust for the benefit of such Person or his/her Affiliates, or a corporation, partnership, limited liability company or other entity in which such Member or his/her Affiliates have a twenty percent or more ownership interest or financial interest or other controlling interest of any kind, and (ii) with regard to any Person that is not an individual, (A) any Person directly or indirectly controlling, controlled by or under common control with such Person through the ownership of twenty percent or more of the outstanding equity interests of a Person or otherwise and (B) any and all directors, managers, officers, partners, shareholders, members and physician employees of such Person, in their capacities as such but not individually, and all settlors and trustees of any trust; provided, that Partner Entity, any Person who owns a direct or indirect interest in Partner Entity (other than a Person who in the future owns an indirect interest solely through the ownership of equity in Medical Practice) and any Spouse of any such Person shall be deemed an "Affiliate" of Practice. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies, whether through the ownership of voting securities, by contract, or otherwise. Notwithstanding the foregoing, neither the University of Tennessee nor any Person related to any party to this Agreement solely through a common relationship with the University of Tennessee (any such Person, a "**Related Person**") shall be considered to be an Affiliate of any party to this Agreement; provided that none of Partner Entity, Practice or any other Person who owns a direct or indirect interest in Partner Entity has any equity ownership of, or affiliate arrangement with, any such Related Person.

"**Agreement**" has the meaning set forth in the introductory paragraph to this Agreement.

"**Applicable Law**" means all federal, State, and local laws, rules and regulations.

"**Business Day**" means any day other than a Saturday or Sunday, a legal holiday or a day on which commercial banks in the State are authorized or required by law to be closed.

"**Collateral**" has the meaning set forth in Section 6.6.

"**Confidential Information**" means all trade secrets, non-public financial, statistical and personnel data, and other confidential and/or proprietary information of FVC (or any entity with which FVC contracts to provide services under the Subcontract), including but not limited to the terms and conditions of this Agreement and the Subcontract, information derived from training sessions, reports, investigations, research, work in progress, codes, marketing and sales programs, financial projections, cost summaries, pricing formula, contracts analyses, projections, confidential filings with any local, state or federal agency, and all other confidential concepts, methods of doing business, policies and procedures, ideas, materials or information prepared for, by or on behalf of FVC (or any entity with which FVC contracts to provide services under this Agreement) by its employees, officers, directors, agents, representatives, or consultants. In any event, Confidential Information shall not mean information that is known to the receiving Party prior to receipt from FVC, developed independently by the receiving Party in compliance with law, that is generally available to the public, or that is otherwise lawfully obtained by the receiving Party from third parties that are under no obligation to maintain the confidentiality of the information.

"**Covenants**" has the meaning set forth in Section 8.6.

"**Effective Date**" has the meaning set forth in the introductory paragraph to this Agreement.

"**Equipment**" has the meaning set forth in Section 3.6.

"**Exclusive Territory**" has the meaning set forth in Section 8.4.

"**FDIC**" has the meaning set forth in Section 6.3.

"**FVC**" has the meaning set forth in Section 2.1.

"**Indemnified Party**" has the meaning set forth in Section 9.3.3.

"**Indemnitor**" has the meaning set forth in Section 9.3.3.

"**Legal Event**" has the meaning set forth in Manager's Limited Liability Company Agreement, as in effect from time to time.

"**Losses**" has the meaning set forth in Section 9.3.1.

"**Management Fee**" has the meaning set forth in Section 6.5.1.

"**Manager**" has the meaning set forth in the introductory paragraph to this Agreement.

"**Membership Interest Purchase Agreement**" means the Membership Interest Purchase Agreement, dated as of the date hereof, between Manager, FVC, Partner Entity, and Practice.

"**Net Collections**" means the cash collected from the provision of Access Services by Practice (including through Access Physicians), after deduction of refunds and Overpayments.

"**Operating Account**" has the meaning set forth in Section 6.3.

"Overpayments" has the meaning set forth in Section 6.4.

"**Parties**" means Manager and Practice; each a "**Party**".

"**Partner Entity**" means UTMG Vascular Access Physicians, LLC, a Tennessee limited liability company.

"**Person**" or "**person**" means any natural person, firm, association, organization, corporation, partnership, limited liability company, limited liability partnership, professional corporation, joint venture, public entity, and any other business, including, without limitation, a third party payor.

"**Physician**" means any physician who performs services on behalf of Practice, whether as an employee or independent contractor, and shall include each Access Physician.

"**Physician Services Agreement**" means each agreement or arrangement pursuant to which Practice recruits and/or retains Access Physicians as employees or independent contractors to provide Access Services at the Access Center.

"**Policy Board**" has the meaning set forth in Section 5.1.

"**Practice**" has the meaning set forth in the introductory paragraph to this Agreement.

"**Practice Medical Supplies**" has the meaning set forth in Section 4.8.

"**Premises**" has the meaning set forth in Section 3.5.

"**Restricted Business**" has the meaning set forth in Section 8.4.

"**Spouse**" of any Person means such Person's spouse; provided, however, that any spouse living separate and apart from a Person with the intention by either spouse to cease their matrimonial cohabitation shall not be deemed a Spouse.

"**State**" means the State where the Access Center is located.

"**Subcontract**" has the meaning set forth in Section 2.1.

"**Supermajority Vote**" has the meaning set forth in Section 5.1.

"**Support Personnel**" has the meaning set forth in Section 3.4.

"**Term**" means the initial and any renewed periods of duration of this Agreement as further described in Section 7.1.

Exhibit 3.4

FTE Support Personnel Positions

Position	FTEs
RN	2.5
RT	3
Front Desk, CMA	1
Manager, RN	1

Exhibit 5.1

Initial Policy Board Members

Practice Members:

Ammar Almehmi

Satyaki Banerjee

Robert B. Canada

Manager Members:

Paul Toomey

Ronald H. Rodgers

Exhibit 6.5.1

Management Fee

In consideration of the broad scope of services Manager will provide to Practice pursuant to this Agreement, Practice shall pay to Manager an initial fee equal to $33,333.00 per month, subject to adjustment on a quarterly basis in accordance with **Section 6.5.1**, which Practice acknowledges and agrees constitutes the fair market value of such services.

In addition, Practice shall reimburse the Manager for all out-of-pocket costs incurred by Manager in its performance of its services under this Agreement, including without limitation (and without duplication) the reimbursements payable by Manager to FVC under the Subcontract and the following costs:

- The "Management Fee" payable (and as defined under) the Subcontract.
- All salaries, wages and employee benefits payable to Manager's or FVC's employees and independent contractors providing services at the Access Center
- Medical and office supplies and other inventories
- Insurance
- Advertising and Marketing
- IT and PACs
- Transportation
- Housekeeping, hazardous waste removal and laundry
- Building Rent/Utilities and other amounts payable under the Access Center lease
- Equipment Leases/Debt Service/Bank Fees, if applicable
- Equipment Supplies and Services

Exhibit 10.13

Business Associate Agreement

See attached Business Associate Agreement

Attachment A-6A

Lease Agreement

- Assignment, Assumption and Amendment of Lease Agreement
- Lease Agreement

ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASE AGREEMENT (MEMPHIS, TENNESSEE)

THIS ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASE AGREEMENT (this "Agreement"), dated as of November 1, 2012, is made by and between **UT Medical Group, Inc.**, a Tennessee not-for-profit corporation ("Assignor"), **Fresenius Vascular Care Memphis MSO, LLC**, a Delaware limited liability company ("Assignee"), and **Ruiz-Hernandez Properties**, a Tennessee partnership ("Landlord").

Background Statement

Landlord entered into a certain Lease Agreement with the Assignor dated March 19, 2009 (as amended, the "Lease"), for the lease of approximately 7,246 square feet, known as Suite 202, in the building located at 6490 Mt. Moriah Road Extended, Memphis, TN (as more particularly described in the Lease, the "Premises"). A true, correct and complete copy of the Lease is attached hereto as **Exhibit A**.

Assignor intends to contribute substantially all of its tangible assets relating to the business conducted on the Premises to Assignee in connection with the establishment of a joint venture transaction (the "Transaction") involving Assignor and Fresenius Vascular Care, Inc.

In connection with the closing of the Transaction, Assignor desires to assign to Assignee all of its right, title and interest in and to the Lease, and Assignee desires to accept such assignment. Landlord and Assignee also desire to amend the Lease, as described herein.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

Statement of Agreement

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, each to the other paid, the receipt and sufficiency of which are hereby acknowledged, Assignor, Assignee and Landlord hereby agree as follows:

ARTICLE I

EFFECTIVE DATE; CONDITION TO ASSIGNMENT

1.1 The effective date of this Agreement is the closing date of the Transaction (the "Effective Date").

1.2 If the Transaction does not close, this Agreement shall be null and void without the need for further action by the parties. Assignor and Assignee shall give Landlord prompt written notice after the Transaction has occurred or has been terminated.

ARTICLE II

ASSIGNMENT AND ASSUMPTION; INDEMNITY

2.1 Effective as of the Effective Date, Assignor hereby assigns and transfers to Assignee all of Assignor's right, title and interest in and to the Lease and in and to any security deposits and prepaid rent made by Assignor under the Lease.

2.2 Effective as of the Effective Date, Assignee assumes the performance of and agrees to be bound by all the obligations of Assignor as tenant under the Lease arising on and after the Effective Date, including, without limitation, the obligation to pay monthly rent and other amounts provided for in the Lease, but specifically excluding any liabilities relating to any breach of the Lease prior to the Effective Date or in connection with the assignment of the Lease.

2.3 Assignor hereby indemnifies and holds harmless Assignee from and against any and all claims, losses, liabilities, obligations, damages, costs and expenses (including reasonable attorneys' fees and costs) arising or accruing under the Lease with respect to periods, events or circumstances occurring prior to the Effective Date of this Agreement or in connection with the assignment of the Lease.

2.4 Assignee hereby indemnifies and holds Assignor harmless from and against any and all claims, losses, obligations, liabilities, costs, damages and expenses (including reasonable attorneys' fees and costs) arising or accruing under the Lease and with respect to periods, events or circumstances occurring from and after the Effective Date of this Agreement, but specifically excluding any liabilities to the extent relating to any breach of the Lease prior to the Effective Date or in connection with the assignment of the Lease.

ARTICLE III

AMENDMENT OF LEASE

3.1 Effective as of the Effective Date, the Lease is hereby amended as follows:

3.1.1 Notwithstanding anything to the contrary in the Lease (including, without limitation, Section 8), Landlord agrees that all capital improvements or capital replacement expenditures included in Landlord's Operating costs shall be amortized over Landlord's commercially reasonable determination of the useful life of that capital improvement or replacement in accordance with Generally Accepted Accounting Principles.

3.1.2 The following is hereby added to Section 19:

"Landlord acknowledges that Tenant is subject to the provisions of the Health Insurance Portability and Accountability Act of 1996 and related regulations ("HIPAA"), and that HIPAA requires Tenant to ensure the safety and confidentiality of patient medical records. Landlord further acknowledges that, in order for Tenant to comply with HIPAA, Tenant must restrict access to the portions of the Premises where patient medical records are kept or stored.

Landlord hereby agrees that, notwithstanding the rights granted to Landlord pursuant to this Article 19, except when accompanied by an authorized representative of Tenant, neither Landlord nor its employees, agents, representatives or contractors shall be permitted to enter those areas of the Premises designated by Tenant as locations where patient medical records are kept and/or stored."

3.1.3 Section 22 is amended by deleting the words "and a paid receipt for the next year premium" in the last sentence of the fourth paragraph. In addition, the following is hereby inserted to Section 22:

"Landlord shall deliver to Tenant a certificate of insurance for each insurance policy maintained by Landlord in connection with the Premises. Landlord shall also deliver to Tenant a copy of the certificate evidencing any renewal."

3.1.4 Section 24(a) is deleted and replaced with the following:

"(a) deliver to Landlord, peaceably and quietly, the Premises in broom clean condition except for ordinary wear, tear and damage by Tenant excepted, but with all plumbing, electrical, heating and air conditioning, ventilating systems and equipment in good working order and"

3.1.5 Section 26 is deleted and replaced with the following:

"Landlord hereby grants to Tenant one option to extend the term of this Lease for a period of five years. The lease of the Premises for the option term shall be on the same terms and conditions contained in this Lease except that the Monthly Base Rent for the option term shall be determined as set forth below. The renewal option may be exercised only by written notice delivered by Tenant to Landlord no later than 90 days prior to the expiration of the then current term. In the event Tenant fails to exercise the renewal option as set forth herein, Landlord must notify Tenant that Tenant has failed to exercise the renewal option. Tenant shall then have an additional 30 days from its receipt of Landlord's notice to exercise the renewal option. Tenant may only exercise its renewal option if, on the date of delivery of the notice to Landlord, Tenant is not in default of this Lease beyond the expiration of any applicable cure periods. The initial term and the option term are hereby referred to collectively as the "term".

Monthly Base Rent for the option term shall be equal to the Fair Market Value of the Premises. Fair Market Value shall be defined as the then fair market rental value of unimproved shell space that is comparable in size to the Premises, leased for a term comparable to the option term, and located in buildings equivalent in quality and location to the Building. Fair Market Value shall be based on space that is not (a) subleased, (b) subject to another tenant's expansion or right of first refusal rights, or (c) leased to a tenant that holds an ownership interest in or is otherwise affiliated with the Landlord.

Fair Market Value shall be determined as follows: In the event the parties are unable to agree upon the Fair Market Value of the Premises, then within 30 days of Tenant's exercise of its renewal option, each party, at its own cost and by giving notice to the other party, shall appoint a real estate broker with at least five years full-time commercial experience in the area in which the Premises are located to determine the Fair Market Value. The brokers shall have 15 days to agree upon the Fair Market Value of the Premises. Any agreement reached by the two brokers shall be binding upon Landlord and Tenant. In the event that the two brokers are unable to agree on the Fair Market Value, they shall immediately and mutually select an independent third broker meeting the qualifications stated in this paragraph. The third broker's determination of the Fair Market Value of the Premises shall be made within ten days, and Landlord and Tenant shall share the cost of retaining the third broker equally. The two brokers or the third broker, as the case may be, shall immediately notify the parties of their determination of Fair Market Value of the Premises, which shall be binding on both Landlord and Tenant and which shall serve as the Monthly Base Rent for the option term."

3.1.6 The following is hereby added to Section 27:

"Notwithstanding the foregoing, Tenant may assign this Lease or sublease or license the Premises in whole or in part, upon written notice to Landlord, but without the consent of Landlord to (a) any entity into which or with which Tenant has merged or consolidated, (b) any parent, subsidiary, successor, or wholly-owned affiliated entity of Tenant, (c) any entity which acquires all or substantially all of the assets or issued and outstanding shares of capital stock of Tenant, (d) any partnership, the majority interest of which shall be owned by Tenant or a parent, subsidiary, successor or wholly-owned affiliate entity of Tenant, (e) any purchaser of substantially all of Tenant's assets located at the Premises, provided that any such assignee or successor shall agree in writing to assume and perform all of the terms and conditions of this Lease on Tenant's part to be performed from and after the effective date of such assignment or subletting, (f) [sublease only] any doctor or medical director associated with Tenant, provided that no more than ten percent (10%) of the Premises are transferred pursuant to this Section 27(f) or (g) any vascular access medical practice for which Tenant provides administrative and management assistance."

Tenant hereby provides notice to Landlord that, effective as of the Effective Date, Tenant will be licensing the Premises to UT Medical Group, Inc.

3.1.7 Notwithstanding anything to the contrary in the Lease (including, without limitation, Section 30), (a) Tenant shall only be responsible for Hazardous Materials brought to the Premises or caused by Tenant, its agents, assignees, subtenants, contractors or invitees and (b) Tenant's indemnification obligations shall only extend to the deposit, spill, discharge or other release of Hazardous Materials that are brought to the Premises or caused by Tenant, its agents, assignees, subtenants, contractors or invitees. In addition, Tenant shall be permitted to use Hazardous Materials at the Premises so long as such use is in

compliance with applicable laws and is required in Tenant's ordinary course of business.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF LANDLORD

Landlord hereby represents and warrants to Assignee and its successors and assigns that:

4.1 Attached hereto as **Exhibit A** is a true, correct and complete copy of the Lease with all amendments. The Lease has not been further amended or modified, changed, altered, or supplemented. The Lease, including all exhibits thereto, is the only agreement between Assignor and Landlord affecting or relating to the real property and building located at the Premises. The Lease is in full force and effect, and all rent and any other amounts required to be paid by Assignor under the Lease are current and have been paid in full through November 30, 2012.

4.2 The Commencement Date of the Lease was May 17, 2010, and the Initial Term of the Lease will expire on May 16, 2020.

4.3 No default, or any event or condition which with the passing of time or giving notice, or both, would constitute a default on the part of either Assignor or Landlord, exists under the Lease.

4.4 The current Monthly Base Rent rate under the Lease is $10,265.17. Tenant's pro rata share of Landlord's Operating costs is 36.2%. Except for Monthly Base Rent and Operating costs, Tenant has no other payment obligations to Landlord on a recurring basis.

4.5 No claim against Assignor or Landlord or dispute between Assignor and Landlord exists under the Lease.

4.6 No casualty or condemnation has occurred with respect to the Premises or the parking areas or other common areas in which Assignor has rights under the Lease. Landlord has received no notices of any violations of law with respect to the Premises, or any notices of any proposed special assessments or material changes in the land use laws affecting the Property. The Building and all improvements located on the Property are located entirely within the boundary lines of the Property.

4.7 The Building consists of 20,000 square feet.

4.8 Tenant's utility systems are separately metered.

ARTICLE V

CONSENT OF LANDLORD

Landlord hereby consents to the assignment of the Lease to Assignee, and upon the Effective Date Landlord will recognize Assignee as the tenant under the Lease, and shall be directly liable to Assignee for the performance of Landlord's covenants under the Lease. Upon

assignment of the Lease, Landlord will look directly to Assignee for all payment and performance obligations of Tenant under the Lease arising after the Effective Date. Effective as of the Effective Date, Landlord hereby releases Assignor and any affiliates of Assignor from liability and obligation under the Lease, and under any guaranties thereof, arising after the Effective Date.

ARTICLE VI

BINDING ON SUCCESSORS; MODIFICATION

This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors in interest and assigns. This Agreement may not be modified, discharged, terminated, or assigned orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors and assigns.

ARTICLE VII

MISCELLANEOUS

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Tennessee. This Agreement may be executed in counterparts and, taken together, such counterparts shall constitute one and the same Agreement, valid and binding on the parties. Execution by original signature delivered by facsimile transmission or other electronic means shall be deemed to be, and shall have the same effect as, execution by original signature.

NOTICES

From and after the Effective Date, notices to the Assignee under the Lease shall be addressed to Assignee at Fresenius Vascular Care Memphis MSO, LLC c/o Fresenius Medical Care North America, 920 Winter Street Waltham, MA 02451, Attention: General Counsel, Facsimile: (781) 699 9713. Landlord's notice address is as set forth in the Lease.

[signature page follows]

IN WITNESS WHEREOF, Landlord, Assignor and Assignee have signed this Agreement as of the day and year first above written.

LANDLORD: RUIZ-HERNANDEZ PROPERTIES

By: Dominga Hernandez
Name: [illegible]
Its: _____

ASSIGNOR: UT MEDICAL GROUP, INC.

By: _____
Name: _____
Its: _____

ASSIGNEE: FRESENIUS VASCULAR CARE MEMPHIS MSO, LLC

By: _____
Name: _____
Its: Manager

IN WITNESS WHEREOF, Landlord, Assignor and Assignee have signed this Agreement as of the day and year first above written.

LANDLORD: RUIZ-HERNANDEZ PROPERTIES

By:_____
Name:_____
Its:_____

ASSIGNOR: UT MEDICAL GROUP, INC.

By:_____
Name: James Lacey Smith, M.D.
Its: CEO

ASSIGNEE: FRESENIUS VASCULAR CARE MEMPHIS MSO, LLC

By:_____
Name: Ronald H. Rodgers
Its: Manager

IN WITNESS WHEREOF, Landlord, Assignor and Assignee have signed this Agreement as of the day and year first above written.

LANDLORD: RUIZ-HERNANDEZ PROPERTIES

By:_____
Name:_____
Its:_____

ASSIGNOR: UT MEDICAL GROUP, INC.

By:_____
Name:_____
Its:_____

ASSIGNEE: FRESENIUS VASCULAR CARE MEMPHIS MSO, LLC

By:_____
Name: Ronald H. Rodgers
Its: Manager

EXHIBIT A

COPY OF LEASE AND ALL AMENDMENTS

(attached)

ORIGINAL

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), made this 19 day of March 2009 by and between **RUIZ-HERNANDEZ PROPERTIES**, a partnership composed of Dominga S. Hernandez and Maria V. Ruiz ("Landlord") and **"UT MEDICAL GROUP, INC.**, a Tennessee not-for-profit corporation ("Tenant").

WHEREAS, Landlord is in the process of designing and planning the construction of a 20,000 net rentable square foot building ("Building") located on land ("Property") adjacent to and west of Landlord's present office building at 6490 Mt. Moriah Road Extended in Memphis, Tennessee 38115; and

WHEREAS, Landlord anticipates achieving complete completion of the Building and all other Improvements on or before _____.

W I T N E S S E T H :

In consideration of the mutual promises, undertakings and covenants hereinafter set for and intending to be legally bound hereby, Landlord and Tenant agree as follows:

1. ***PREMISES.*** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord a minimum of 6,500 rentable square feet, which will be located on Building's second floor ("Premises"). For a period of 60 days after delivery of Landlord's architectural plans to Tenant showing the floor plan for the 2nd floor, Tenant, shall have the option to increase the total rentable square feet to the entire second floor; however, if Tenant desires to increase the square footage but the total would be less than the entire floor, then Tenant must obtain Landlord's approval of the desired square footage. The actual number of square feet rented ("Total Rentable Square Feet") shall be determined by the Tenant's architect's plans and specifications.

2. ***BUILDING CONSTRUCTION.*** Landlord covenants and agrees at Landlord's expense to (a) construct said Building to be equal in quality to the building located at 6490 Mt. Moriah Road Extended, Memphis, Tennessee; (b) provide a 2nd floor of at least 10,000 rentable square feet, (c) provide a code compliant elevator to service the 2nd floor, (d) provide a fire sprinkler system required per code to the entire 2nd floor (e) provide stairwells to meet current codes to all floors, (f) finish out all walls, flooring and lighting to the 2nd floor common areas or exterior wall to vacant space, if required by Tenant's plans, (g) deliver the plumbing/sewage systems to the Premises, (h) deliver from separate utility and water meters, water, gas and electrical power to the Premises, (i) provide building access control system, (j) provide an indoor building directory with enough space for all tenants and doctors and (k) provide an exterior sign identifying Tenant along with other tenants in the Building.

3. ***TERM.*** Landlord hereby leases to Tenant the Premises subject to all the terms, covenants and conditions contained herein for a term of ONE HUNDRED TWENTY (120) months,

commencing ("Commencement Date") on the earlier of: (a) forty five (45) days after Landlord delivers to Tenant notice that the Premises are available for occupancy by Tenant with a copy "Certificate of Occupancy" issued by the appropriate governmental authorities, or (b) the date Tenant is ready to accept receipt of patients to the Premises.

It is intended that the Commencement Date shall be on or before December 1, 2009, however, in the event that Landlord is unable to deliver possession of the Premises to Tenant by said date as a result of causes beyond Landlord's reasonable control, Landlord shall not be subject to any liability for such failure to deliver possession. However, if the Commencement Date has not been determined by the deliver of notice and Landlord cannot deliver possession prior to 180 days after the above referenced date and Tenant has not taken possession, then Tenant shall have the right to terminate this Lease by giving Landlord notice thereof.

4. ***USE OF PREMISES.*** Tenant shall use and occupy the Premises for medical offices and ambulatory surgery center and any other legal purpose and for no other purpose whatsoever without the prior written consent of Landlord.

5. ***QUIET ENJOYMENT.*** Subject to the performance by Tenant of all of the terms, covenants and conditions imposed upon Tenant as set forth in this Lease, Landlord covenants that Tenant may peaceably and quietly have, hold and enjoy the Premises during the term hereof and any extensions thereof, without any hindrance from Landlord or any persons lawfully claiming through the Landlord.

6. ***TENANT'S COVENANTS REGARDING USE.*** Tenant shall (a) comply with all laws, rules, orders, ordinances, regulations and requirements of all governmental agencies, offices, departments, bureaus and boards having jurisdiction over the Premises or Tenant's use thereof; (b) not to commit or permit to be committed any waste of the Premises whatsoever; (c) not to create or allow any nuisance to exist on the Premises, and to abate any nuisance that may arise promptly and free of expense to Landlord; (d) not to do, bring or keep anything in, on, or about the Premises that will cause a cancellation of any insurance policy insuring the Premises; (e) not to install or use of any vending machine without the prior written consent of Landlord; and (f) not to do anything in, on, or about the Premises that will cause damage to the Building including the installation of machinery, devices, equipment or other appliance that will in any manner injure vibrate, or shake the Building.

7. ***FIXED RENT.*** Tenant agrees to pay Landlord, as rental for the Premises, an amount equal to SEVENTEEN and NO/100 DOLLARS ($17.00) per Total Rentable Square Feet per annum which is to be paid in twelve (12) equal monthly installments ("Monthly Base Rent") in advance on the first day of each calendar month, without demand, set off or deduction, with the first installment due and payable upon the Commencement Date. If the Commencement Date is not on the first of the month, then the Monthly Base Rent for any fractional month at the beginning or end of the Term shall be prorated.

8. ***ADDITIONAL RENT (TAXES, INSURANCE AND OPERATING COSTS).*** Landlord's Taxes shall include all cost paid or incurred by or on behalf of Landlord in the payment of real estate taxes, levies and assessments against the Building and Property by any governmental authorities.

Landlord's Insurance costs shall include all cost paid or incurred by or on behalf of Landlord in the payment of insurance for the Building in a commercially reasonable amount, against the perils and costs of Fire, Lightning, Extended Coverage Vandalism and Malicious Mischief and Liability and such other insurance as Landlord shall deem necessary.

Landlord's Operating costs include all expenses paid or incurred by or on behalf of Landlord (a) in the maintenance, repair and replacement of the elevator servicing the 2nd floor, and (b) for the exterior maintenance, snow and ice removal, trash removal, landscaping, replacement of paving, curbs, walkways, drainage of the Property, and such other normal and usual costs and expenses of operating, maintaining and managing (said management fee not to exceed 4% of the annual Fixed Rent) the exterior portion of Building.

Within ninety (90) days after the end of each calendar year, Landlord shall furnish Tenant with a statement showing the amount of Taxes, Insurance and Operating costs for the preceding calendar year and proof that all Taxes and Insurance premiums have been paid. Tenant may request from Landlord, copies of tax bills and insurance premiums notices. Tenant shall pay, as Additional Rent to Landlord, an amount ("Pro Rata Share") which is determined by multiplying the amount of such Taxes, Insurance and Operating costs by (b) the ratio that the area of the Premises is to the total rentable are of the Building.

Landlord, at its sole discretion, may elect to require Tenant to pay its Pro Rata Share either (a) in monthly installments, together with the Base Rent, in such amounts as are estimated and billed by Landlord or (b) annually at the time the annual statement is rendered to Tenant. If the Tenant pays monthly according to an annual estimate, then if the actual amount due from Tenant is more that the amounts previously paid by Tenant, the difference shall be paid by Tenant within thirty (30) days of the receipt of said annual statement. If the actual amount due from Tenant is less that the amount previously paid by Tenant, such overpayment shall be credited against the next installments of Additional Rent due hereunder, except that for the last year of the Term of this Lease, Landlord shall refund any such overpayment to Tenant. In the event Landlord elects to bill such Tenant's Pro Rata Share annually at the time the annual statement is presented, then Tenant shall pay such Pro Rata Share within thirty (30) days of the receipt of said statement.

9. ***PAYMENT OF RENT.*** All rent and other payments by Tenant required to be made under the terms of this Lease, shall be paid by Tenant to Landlord at such place as may from time to time be designated in writing by Landlord. If Tenant shall fail to pay any rental or other payments when the same are due and payable, in addition to Landlord's other rights and remedies set forth in this Lease, such unpaid amounts shall bear interest from the 5th day of the month after the payment is due. In addition, to interest, Tenant acknowledges that a late payment by Tenant of any Monthly

Base Rent will cause Landlord to incur certain costs and expenses not contemplated under this Lease, the exact amount of which costs being extremely difficult or impractical to fix. Such costs and expenses may include, without limitation, administrative and collection costs and processing and accounting expenses. Therefore, if any Monthly Base Rent is not received by Landlord from Tenant by the tenth (10th) day of the month for which such Monthly Base Rent is due, Tenant shall immediately pay to Landlord a late charge equal to five percent (5%) of such Monthly Base Rent. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss suffered by such nonpayment by Tenant nor prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease. The burden of proof with respect to all payments of rental or other sums shall be upon Tenant.

10. ***TENANT'S WORK.*** Landlord is delivering to Tenant the shell of the Premises. It shall be Tenant's responsibility to install all interior walls, electrical, plumbing, duct work and mechanical systems and components. Further, Tenant shall be solely responsible to purchase and install its own heating and air condition system and rest rooms servicing the Premises.

Tenant's Work shall mean the construction of such improvements to the Premises as further described in Tenant's construction plans and specifications. Tenant has the right to utilize any architect of its choice in designing its construction plans and specifications; however, such plans and specifications shall be subject to Landlord's written approval, which shall not be unreasonably withheld. Tenant shall have the right to make changes in writing to the Construction Plans and Specifications during the course of the construction of the Tenant's Work; however, such changes are to be approved by Landlord. Landlord shall be entitled to keep the copy of the plans and specifications as part of its permanent record on the Premises.

Tenant, its agent or architect shall meet with Landlord's contractor to negotiate the cost of completing the Tenant's Work according to the Tenant's construction plans and specifications. If Tenant decides that it is not willing to accept Landlord's contractor for any reason, then Tenant reserves the right to obtain the services of another licensed certified contractor; however, such contractor must be approved in advance in writing by Landlord. Landlord or its agent shall supervise the all Tenant's Work regardless of the contractor used. All permitted improvements, alterations or additions installed (except trade fixtures) in the Premises shall immediately become the property of Landlord and shall not be removed by Tenant upon the expiration or earlier termination of this Lease.

11. ***TENANT UTILITIES.*** Tenant shall be solely responsible for and promptly pay all charges for water, gas, electricity or any other utility used or consumed in the Premises.

12. ***COST OF TENANT'S WORK.*** Tenant shall be responsible for all costs associated with Tenant's Work. Tenant will contract directly with contractor and will be billed directly. Tenant agrees to pay all invoices promptly; however, in the event a mechanic's lien is filed against the Property for work claimed to have been done for or materials claimed to have been furnished, then

Tenant shall discharge said lien, by bond or otherwise, within ten (10) days after the filing thereof, at Tenant's sole cost.

13. ***ELEVATOR SERVICE.*** Landlord shall install elevator service to the 2nd floor to the extent deemed by Landlord to be standard and customary for commercial class medical buildings, of the same make and kind structure in Memphis, Tennessee. Unless due to negligence of Landlord, stoppage of this services, resulting from causes beyond control of Landlord or from any cause, shall not render Landlord liable in any respect for damages to person, property or business, nor be construed as an eviction of Tenant nor relieve Tenant from fulfillment of any covenant or agreement hereof. Should any equipment or machinery furnished by Landlord break down, or for any cause cease to function properly, Landlord shall use reasonable diligence to repair same promptly, but Tenant shall have no claim for rebate or rent or damage on account of any interruption in service occasioned thereby or resulting therefrom.

14. ***PARKING.*** Tenant may use THIRTY FIVE (35) of the non restricted parking spaces in the surface lot located adjacent to the Building ("Parking Lot"), which parking spaces shall be available on a first come, first served basis with all other tenants in the Building and their respective employees, licensees and invitees.

The parking spaces provided for herein are provided solely for the accommodation of Tenant. Tenant agrees that it and its employees shall observe reasonable safety precautions in the use of the Parking Lot, and shall at all times abide by all rules and regulations promulgated by Landlord governing the use of the Parking Lot. It is understood and agreed that Landlord does not assume any responsibility or liability for any damage or loss to any automobiles parked in the Parking Lot or to any personal property located therein, or for any injury sustained by any person in or about the Parking Lot.

15. ***LIABILITY AND INDEMNIFICATION.*** Tenant hereby agrees to indemnify, Landlord against and save Landlord harmless from any and all losses, costs, damages, charges, liabilities, obligations, fines, penalties, claims, demands, or judgments and any and all expenses, (including but not limited to reasonable attorneys' fees) arising out of or in connection with: (a) Tenant's use of the Premises; (b) the conduct of Tenant's business or any activity, work, or thing done, permitted, or suffered by Tenant in, on or about the Premises; (c) any failure to perform or observe any of the terms, covenants, conditions, or provisions required to be performed or observed by Tenant under this Lease; (d) any negligence of Tenant or of Tenant's servants or agents; (e) any attachment, judgment lien or mechanics' lien; (f) any fines and penalties that may result from or be due to any infractions or noncompliance with the laws, rules, regulations, orders and ordinances issued by any governmental authority regarding the Premises or the business of Tenant.

Tenant hereby assumes all risk of damage to property or injury to persons in the Premises or arising from the use or occupation thereof from any cause whatsoever, except by negligence by Landlord or its agents.

Tenant hereby agrees that Landlord shall have no liability for any injury to Tenant's business or any loss of income therefrom or for damage to Tenant's property or to the goods, wares, merchandise, or other property of Tenant, Tenant's invitees, or of any person in or on the Premises, except by negligence by Landlord or its agents, nor shall Landlord be liable for injury to the person of Tenant, Tenant's invitees, or any other person, whether such damage or injury is caused by or results from theft, fire, steam, electricity, gas, water, precipitation, or from the breakage, leakage, obstruction, or other defects in machinery, pipes, sprinklers, wires, appliances, plumbing, air conditioning, lighting fixtures, or other appurtenances connected with the Premises or from any other cause whatsoever, whether said damage or injury results from conditions arising upon the Premises or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant; provided, however, that anything herein to the contrary notwithstanding, Landlord shall be liable for any damage or injury caused by willful misconduct or acts of negligence on the part of Landlord or its agents.

16. ***PERSONAL PROPERTY TAXES.*** Tenant shall pay prior to delinquency all taxes, assessments, license fees and other charges that are levied and assessed against Tenant's personal property installed or located in or on the Premises, including, without limitation, trade fixtures, furniture, appliances, shelving, movable partitions and such other personal property of Tenant's placed in or on the Premises by Tenant. Upon notice Tenant shall furnish Landlord satisfactory evidence of such payments.

17. ***ALTERATIONS AND TENANT'S FIXTURES.*** Tenant shall make no alterations, decorations, additions, or improvements in or to the Premises including placement of any sign visible from outside the Premises, without the prior written consent of Landlord, which shall not be unreasonably withheld, and shall only employ contractors approved in advance in writing by Landlord. All such work shall be done upon such conditions as Landlord may impose and at such times and in such manner as Landlord may from time to time designate. All work done by or for Tenant shall be performed in full compliance with all laws and governmental authority and in full compliance with the rules, orders, directions, regulations and requirements of any insurance company insuring the Building.

Tenant shall have the right to install in the Premises trade fixtures required by Tenant or used by Tenant in its business and, if installed by Tenant, Tenant shall remove any or all such trade fixtures within fifteen (15) days after termination of this Lease.

The term "trade fixture" as used herein shall mean furniture, shelving and equipment which are attached to the Premises but are easily detached or detachable.

18. ***MAINTENANCE AND REPAIRS.*** Tenant shall be responsible to provide itself with janitorial service and to maintain the Premises in good order, clean condition and appearance and comply with all governmental laws, ordinances, orders, rules and regulation having any jurisdiction thereof with reference to use, condition or occupancy of the Premises. Tenant shall make such repairs as are necessary to preserve the Premises in the same condition as on the Commencement

Date, ordinary wear and tear excepted.

Should any HVAC equipment servicing the Premises or equipment or appliance located in the Premises break down or for any cause cease to function properly, Tenant shall be responsible for any needed repairs or replacement at Tenant's sole cost. In no event shall Landlord be liable for an interruption or failure in the supply of any Tenant paid utilities to the Premises.

Landlord shall maintain the elevator, downstairs common area, unleased area of the 2nd floor, the Building's structural integrity, and the exterior of the Building and Property in good order and repair, ordinary wear and tear excepted.

Tenant shall be liable for all damage or injury to the Building and the structural integrity of the Premises caused by the carelessness, negligence or improper conduct of Tenant or Tenant's representatives and for the full cost of repairing any such damage or injury to the extent that said cost is not fully reimbursed to Landlord under any insurance policy insuring the Building and Premises. Landlord may, at its sole discretion, repair or cause to be repaired said damage or injury and may collect from Tenant as Additional Rent immediately upon presentment of a bill or bills therefor any amounts expended by or on behalf of Landlord in excess of insurance proceeds by Landlord.

19. ***INSPECTION.*** Landlord or its agents shall have the right to enter the Premises with reasonable prior notice and approval from the Tenant which will not be unreasonably withheld at reasonable business hours of any business day to ascertain if the Premises are being maintained properly, to make repairs or alterations or additions as Landlord may deem necessary or to show the Premises to prospective tenants, purchaser or lenders, and will make a good faith effort to minimize any disruption to Tenant's operations.

20. ***EVENTS OF DEFAULT.*** Should Tenant at any time be in default with respect to any rental payments or other charges payable by Tenant and should such default continue for a period of Ten (10) days after written notice from Landlord to Tenant; or should Tenant be in default in the prompt and full performance of any other of its promises, covenants, or agreements, herein contained and should such default or breach of performance continue for more than thirty (30) days after written notice thereof from Landlord to Tenant, specifying the particulars of such default or breach of performance and Tenant fails to diligently pursue a cure of said default; then the occurrence of any one or more of the foregoing events shall be an event of default under this Lease.

21. ***REMEDIES OF LANDLORD.*** Upon default, the Landlord may, at its sole election and without further notice of demand of any kind to Tenant, shall have the following remedies:

(i) Declare the term hereof ended and immediately, or at any time after the default, re-enter and repossess the Premises and have the same as the Landlord's former estate and remove therefrom all goods and chattels not thereto belonging and expel said Tenant and all other persons who may be in possession of said Premises and Improvements.

(ii) The right in the Landlord to terminate this lease as hereinabove stated is in addition to and not in exhaustion of such other rights and remedies that the Landlord has or causes or action that may accrue to the Landlord because of the Tenant's default and the exercise or pursuit by the Landlord of any of the rights or causes of action accruing hereunder shall not be an exhaustion of such other rights or causes of action that the Landlord might otherwise have.

(iii) In addition to the damages recoverable by Landlord pursuant to the preceding paragraph, Tenant shall pay Landlord, upon default, all such sums necessary to compensate Landlord for all the detriment proximately cause by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to, any costs or expenses incurred by Landlord in (a) retaking possession of the Premises, including reasonable attorneys' fees therefor; (b) maintaining or preserving the Premises after such default; (c) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting; (d) leasing commissions; or (e) any other costs necessary or appropriate to relet the Premises.

22. ***INSURANCE.*** Landlord shall maintain insurance covering the Building in a commercially reasonable amount, insuring against the perils and costs of Fire, Lightning, Extended Coverage Vandalism and Malicious Mischief and Liability and such other insurance as Landlord shall deem necessary. Landlord's policy will name Tenant as an additional insured.

Tenant, at its own expense, shall maintain during the term of this Lease (a) a comprehensive general public liability and property damage insurance insuring against all liabilities arising out of or in connection with Tenant's use or occupancy of the Premises, including bodily injury, death and property damage, in the amount of Two Million Dollars ($2,000,000) naming Landlord as an additional insured; (b) fire, extended coverage and vandalism insurance insuring all alterations, decorations, additions, improvements and personal property made or paid for by Landlord and Tenant in or about the Premises, including without limitation, Tenant Property, for its full replacement value.

Landlord and Tenant mutually covenant and agree that each party, in connection with any general liability insurance policies required to be furnished in accordance with the terms and conditions of this Lease, shall expressly waive any right of subrogation on the part of the insurer against the Landlord (and any mortgagee requested by Landlord) or Tenant as the same may be applicable, which right to the extent not prohibited or violative of any such policy is hereby expressly waived, and Landlord and Tenant each mutually waive all right of recovery against each other, their agents, or employees for any loss, damage or injury of any nature whatsoever to either party required by this Lease to carry insurance.

Said policies shall (a) name Landlord as additional insured, (b) be issued by an insurance company which is acceptable to Landlord, (c) provide an endorsement that said insurance shall not be changed or canceled unless thirty (30) days prior written notice shall have been given to Landlord.

Tenant shall deliver to Landlord prior to the Commencement Date either certificates of insurance or copies of each policy. Renewals of policies shall be procured and Landlord shall receive a copy of the certificate evidencing the renewal and a paid receipt for the next year premium prior to the expiration date of the policy.

In the event that at any time or from time to time, Landlord's lender or Landlord's insurance broker shall reasonably determine that the amount of public liability and property damage insurance required hereof to be inadequate, then Tenant shall increase the amount of such insurance as required by Landlord's lender or insurance broker.

23. ***FIRE AND OTHER CASUALTY.*** In the event the Improvements, or any part thereof, shall be damaged or destroyed during the term of this Lease by fire or other casualty covered under the fire and extended coverage insurance policy or policies, Tenant shall give to Landlord prompt notice of such damage and Tenant shall restore the Improvements, with reasonable dispatch, to substantially the same condition as prior to such damage. If the entire cost to repair, replace or rebuild exceed the insurance proceeds, then the Tenant shall pay the deficiency. The damage, destruction, or partial destruction of the Improvements shall not release Tenant from any obligation hereunder and at no time shall this Lease be terminated or rent abated as a result of such damage or destruction. If the fire damage or other casualty is caused by the negligence of Landlord, then Landlord shall be responsible to pay for the cost to repair, replace or rebuild the Premises.

All insurance proceeds received by Landlord on account of such damage or destruction, less any actual cost, fees and expenses, if any, incurred in connection with adjustment of the loss, shall be applied by Landlord to pay or reimburse Tenant for the payment of the cost of the restoration, including costs of temporary repairs for the protection of the Improvements. Said proceeds shall be paid to the Tenant as construction or restoration progresses upon Landlord receiving written request from Tenant accompanied by evidence satisfactory to Landlord that the sum requested has either been paid (by Tenant) or is due to contractors or other persons who have rendered services or materials in the restoration of the Premises.

24. ***SURRENDER OF PREMISES.*** At the expiration of the Lease, Tenant shall (a) deliver to Landlord, peaceably and quietly, the Premises in as good order and condition as the same were received, ordinary wear, tear and damage by Tenant excepted, but with all plumbing, electrical, heating and air conditioning, ventilating systems and equipment in good working order, and (b) remove all persons, goods and things, including its trade fixtures from the Premises; and (c) repair at Tenant's expense any damage caused by any permitted or required removal. Goods and effects not removed by Tenant after termination of this Lease (or within fifteen (15) days after a termination by reason of Tenant's default) shall be considered abandoned. Landlord shall give Tenant notice of right to reclaim abandoned property pursuant to applicable local law and may thereafter dispose of the same as it deems expedient, including storage in a public warehouse or elsewhere at the cost and for the account of Tenant, and Tenant shall promptly, upon demand, reimburse Landlord for any expenses incurred in connection therewith, including reasonable attorney fees.

25. ***TERM HOLDOVER BY TENANT.*** In the event Tenant remains in possession of the Premises after the expiration of the term and without the exercise of one of the options to renew or the execution of a new lease, Tenant, at the option of Landlord, shall be deemed to be occupying the Premises as a "month to month tenancy" with the monthly rental equal to one hundred fifty percent (150%) of the monthly installment then being paid by Tenant during its then present term, and subject to all of the other terms, provisions, conditions, and obligations imposed upon Tenant in this Lease. This provision shall not be construed as consent for Tenant to hold over.

26. ***OPTION TO RENEW FOR ADDITIONAL TERMS.*** Tenant shall have and is hereby granted a total of two (2) successive options to extend the term of this Lease for five (5) year periods each upon terms and conditions as may be negotiated between Tenant and Landlord at that time. If such negotiations are not concluded sixty (60) days prior to the expiration date of this Lease, then this lease will expire during its then current term.

27. ***SUBLETTING.*** Tenant shall not sublet the Premises in whole or in part without the prior written consent of Landlord, which shall not be unreasonably withheld, and the making of any such sublease shall not release Tenant from, or otherwise affect in any manner, any of Tenant's obligations hereunder. Tenant shall not assign or transfer this Lease, or any interest herein, without the prior written consent of Landlord, which shall not be unreasonably withheld, and a consent to an assignment shall not be deemed to be a consent to any subsequent assignment. Any such assignment without such consent shall be void, and shall, at the option of Landlord, terminate this lease. Neither this Lease nor the leasehold estate of Tenant nor any interest of Tenant hereunder in the demised Premises shall be subject to involuntary assignment, transfer, or sale, or to assignment, transfer or sale by operation of law in any manner whatsoever, and any such attempted involuntary assignment, transfer, or sale shall be void and of no effect, and shall, at the option of Landlord, terminate this lease.

28. ***BANKRUPTCY/INSOLVENCY.*** Tenant agrees that in the event: (a) all or substantially all of Tenant's assets are placed in the hands of a receiver or trustee and such receivership or trusteeship continues for a period of thirty (30) days; or (b) Tenant makes an assignment for the benefit of creditors or is finally adjudicated a bankrupt; or (c) Tenant institutes any proceedings under the Bankruptcy Act as the same now exists or may hereafter be amended, or under any other act relating to the subject of bankruptcy, including but not limited to, any proceeding wherein Tenant seeks to be adjudicated a bankrupt or to be discharged of its debts or to effect a plan of liquidation, composition, extension or reorganization; or (d) any involuntary proceeding is filed against Tenant under any such bankruptcy law and such proceeding not be removed within ninety (90) days thereafter; then in any of such events, the Lease and any interest of Tenant in and to the Premises shall not become an asset in any of such proceedings, and in addition to any and all rights or remedies of Landlord hereunder or by law provided, the same shall be deemed an event of default under this Lease, and at the Option of Landlord, Landlord may declare the term hereof ended and reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or hereunder.

29. ***CONDEMNATION.*** In the event that Premises, or such portion thereof as renders the balance reasonably unusable for the conduct of Tenant's business therein, shall be taken by the exercise of the power of eminent domain (or conveyed to the holder of such power pursuant to a threatened taking), this Lease may, at the option of either Landlord or Tenant, be terminated by notice to the other given within sixty (60) days after the date when the transfer of possession of the part so taken shall be required, and the parties shall each thereupon be released from liability or obligation thereafter accruing under this Lease. If this Lease continues after a partial taking, Tenant shall remain in the portion of the Premises which shall not have been appropriated or taken, and the Tenant shall (as soon as reasonably possible) restore the Improvements with any expense of said restoration being paid by the Landlord; provided however, whether or not this lease is so terminated, the rent (then in effect) shall be equitably abated from the date such taking. In all events, all compensation awarded or paid for any such taking of the Premises, or any part thereof, pertaining to the fee interest or the leasehold estate shall belong to and be the property of the Landlord and Tenant shall have no right in or to the same, and Tenant shall have no claim against Landlord, or otherwise, for damages for the loss of the unexpired term of this Lease or loss or injury to Tenant's leasehold interest; provided, however, that Landlord shall not be entitled to any portion of fixtures, or for Tenant's moving expenses. Nothing herein shall preclude Tenant from pursuing any independent action permitted by law or from participating in the condemnation proceedings, but only for the purpose of securing an independent award for loss of business or damage to personalty.

30. ***HAZARDOUS MATERIALS.*** Tenant, its agents, employees, contractors or invitees shall not (i) cause or permit any Hazardous Materials to be brought upon stored, used or disposed on, in or about the Premises and/or the Building, or (ii) knowingly permit the release, discharge, spill or emission of any Hazardous Material in or from the Premises.

The term "Hazardous Materials" as used in this Lease shall include, without limitation: flammable, explosives, radioactive materials, asbestos, polychorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum or petroleum products, and substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority.

Tenant shall not cause nor permit to occur any violation of any federal, state, or local law, ordinance, or regulation now or hereafter enacted, related to environment conditions about the Premises arising from Tenant's use or occupancy therein, nor shall Tenant cause or permit the use, generation, release, manufacture, refinement, production, processing, storage or disposal of any Hazardous Material without Landlord's prior written consent, which consent may be withdrawn, conditioned, or modified by Landlord in its reasonable discretion.

Tenant shall indemnify, defend and hold Landlord its respective, partners, agents and employees harmless from all fines, suites, procedures, claims, and actions of every kind, and all costs associated therewith, including attorneys' and consultants' fees, arising out of, or in any way

connected with, any deposit, spill, discharge or other release of Hazardous Materials, at or from the Premises, or which arise at any time from tenant's use or occupancy of the Premises, or form Tenant's failure to comply with or satisfy government required action on the matter.

Tenant's obligations and liabilities under this heading shall survive the termination of this Lease for a period not to exceed three years.

Landlord warrants and represents that, to the best of its knowledge, information and belief, no Hazardous Materials exist or have been used on or under the property upon which the Building is to be constructed.

31. ***AMERICANS WITH DISABILITIES ACT.*** Tenant assumes all responsibilities for compliance of the Premises with any and all applicable laws, regulations and building codes governing non-discrimination and public accommodations and commercial facilities ("Public Accommodation Laws"). Tenant shall complete any and all alterations, modifications or improvements to the Premises necessary in order to comply with all laws, regulations and codes during the Term of this Lease, whether such improvements or modifications are the legal responsibility of Landlord or Tenant. Tenant and Landlord agrees to indemnify, defend and hold harmless each other from and against any and all claims, liabilities, fines, penalties, losses and expenses arising in connection with Tenant's or Landlord's failure to comply with the provisions of the paragraph.

32. ***ONE TIME RIGHT OF FIRST REFUSAL.*** In the event that Tenant's Total Rentable Square Feet under this Lease is less that the entire 2nd floor of the Building, then during the Term of this Lease, if Landlord is negotiating with a third party to lease all or part of the remaining space on the 2nd floor, then Landlord shall give written notice to Tenant of such negotiations. Tenant shall then have thirty (30) days from the date of such notice, to enter into an Agreement with Landlord wherein Tenant leases, at the then current market rate, all or the same amount of the remaining space that Landlord has negotiated with the third party. If an Agreement is not reached within said thirty (30) days, then Landlord is free to lease any or all the remaining space on the 2nd floor to any third party thereafter. This is only a one time right of first refusal.

33. ***MEMORANDUM OF LEASE.*** This Lease shall not be recorded; provided, however, that if either party requests the execution of a Memorandum of Lease, then the parties hereto agree to execute such memorandum in recordable form and such memorandum shall be placed of record in the Register's Office of Shelby County, Tennessee. Such memorandum shall be, inter alia, set forth the exact beginning and ending dates of the term thereof, but no reference in said memorandum shall be made to the rentals to be paid by the Tenant to the Landlord.

34. ***ESTOPPEL CERTIFICATE.*** Within ten (10) days after written request of Landlord, Tenant shall certify by a duly executed and acknowledged written instrument to any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other person, firm or corporation specified by Landlord, as to the validity, force and effect of this Lease, as to the existence of any

default on the part of any party hereunder, as to the existence of any offsets, counterclaims, or defenses thereto on the part of Tenant, and as to any other matters as may be reasonably requested by Landlord, all without charge and as frequently as Landlord deems necessary. Tenant's failure or refusal to deliver such statement within such time shall be conclusive upon Tenant (a) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) that there are no incurred defaults in Landlord's performance or obligations hereunder, and (c) that not more than one month's installment of rent has been paid in advance of the due date.

35. ***SALE OR TRANSFER OF PROPERTY.*** Upon the consummation of a sale or transfer of the Building, Property and Security Deposit, Landlord shall be released from any liability thereafter accruing under this Lease. Any sale or transfer will be made subject to the terms of this Lease.

36. ***RULES AND REGULATIONS.*** With Tenant prior written consent, Landlord has the right to promulgate "Rules and Regulations" for the Property.

37. ***NOTICES.*** Any bill, statement, notice, communication or payment which Landlord or Tenant may be required or permitted to be given under this Lease, shall be in writing and shall be given or served by either party to the other party either personally or by certified or registered mail, postage prepaid, addressed to the parties at the following respective addresses, or at such other address as a party from time to time designate by written notice to the other.

(a) To Tenant:	UT Medical Group, Inc. Attention: President and CEO 66 North Pauline, Suite 100 Memphis, Tennessee 38104
(b) To Landlord:	Ruiz-Hernandez Properties 6490 Mt. Moriah Ext., #200 Memphis, TN 38115

38. ***TIME IS OF THE ESSENCE.*** Landlord and Tenant agree that Time is of the Essence regarding each provision in this Lease.

39. ***INTEREST.*** Ten Percent (10%) per annum on any payment due from Tenant to Landlord under the terms and provisions of this Lease, where it is provided in this Lease that Tenant shall pay interest.

40. ***ACCORD AND SATISFACTION.*** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent or other payments herein provided for shall be deemed to be other than on account of the earliest stipulated rent or other payment then due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without

prejudice to Landlord's right to recover the balance of such rent or other payment or pursue any other remedy in this Lease provided.

41. ***SUCCESSORS AND ASSIGNS.*** This Lease and all the terms, covenants, and provisions herein contained shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns (if and when assigned in accordance with the provisions hereof).

42. ***SUBORDINATION.*** This Lease, and all renewals, modification, and extensions thereof, is subject and subordinate to all mortgages, deeds of trust which may now or hereafter be obtained on the Premises.

43. ***LEGAL RELATIONSHIP.*** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venture, or any association between Landlord and Tenant.

44. ***HEADINGS.*** Any headings preceding the text of the paragraphs and subparagraphs hereof are inserted solely for convenience of reference and shall not constitute a part of this Lease, nor shall they affect its meaning or effect.

45. ***PARTIAL INVALIDITY.*** If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant, or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law. Notwithstanding the foregoing, if in the relationship between Landlord and Tenant pursuant hereto any provision of this Lease may be held to be illegal or violative of any valid and enforceable statute, law, rule or regulation, this Lease, for all purposes shall be construed as if such provisions did not appear herein (to the extent that the same is so held illegal or violative of valid law or regulation), but the validity and enforceability of all of the remaining provisions of this Lease shall not be affected thereby.

46. ***NO WAIVERS.*** Any failure of either party hereto to insist upon strict observance of any covenant, provision, or condition of this Lease in any one or more instances shall not constitute or be deemed a waiver, at that time or thereafter, of such or any other covenant, provision or condition of this Lease.

47. ***ASSIGNMENT BY LANDLORD.*** Landlord may assign by way of security or otherwise this Lease or any part hereof or any right hereunder without Tenant's consent.

48. ***BROKERS.*** Landlord recognize John Snyder as Tenant's agent with respect to this Lease and Tenant shall be responsible for the payment of any leasing commission due to John Snyder. Landlord and Tenant each represents and warrants to the other that no other broker has been

employed in carrying on any negotiations relating to this Lease and shall each indemnify and hold harmless the other from any claim for brokerage or other commission arising from or out of any breach of the foregoing representation and warranty.

49. ***ATTORNEY'S FEES.*** In any action between Landlord and Tenant, the prevailing party shall recover from the non-prevailing party all reasonable attorney fees, costs and expenses.

50. ***APPLICABLE LAW.*** This Lease shall be governed by and construed in accordance with the laws in the state of Tennessee.

51. ***SINGULAR OR PLURAL.*** When required by the context of this Lease, the singular shall include the plural.

52. ***COMPLETE AGREEMENT.*** This Lease contains the entire agreement between the parties hereto, and the same may not be altered, varied, or modified in any way except in a writing making specific reference to this Lease and signed by the parties hereto. The terms and provisions of any Rider or Addendum attached hereto and executed by the parties are incorporated herein and constitute part of this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have each duly executed this Lease, or caused the same to be executed, in their names and on their behalf, in multiple copies (each of such copies when executed by both parties being deemed an original) as of the day and year first above set forth.

RUIZ-HERNANDEZ PROPERTIES
Landlord

BY: _____

Title: _____

UT MEDICAL GROUP, INC.
Tenant

By: _____

Title: PRESIDENT & CEO

FIRST LEASE AMENDMENT

THIS FIRST LEASE AMENDMENT (this "Amendment") dated as of May 17, 2010, by and between **RUIZ-HERNANDEZ PROPERTIES**, a partnership composed of Dominga S. Hernandez and Maria V. Ruiz ("Landlord") and **UT MEDICAL GROUP, INC.**, a Tennessee not-for-profit corporation ("Tenant"). The Landlord and Tenant executed a Lease Agreement date March 19, 2009 (the"Lease") for the Premises, at 6490 Mt. Moriah Road Extended, Memphis, Tennessee, Suite 202. The parties hereto now desire to alter and modify said Lease as follows:

AGREEMENT:

1. ***PREMISES***. Section 1 set forth in the Lease shall be deleted in its entirety and replaced with the following:

   As of the date of this Amendment, the Landlord lease to Tenant and Tenant lease from Landlord 7,246 rentable square feet ("Total Rentable Square Feet") on the Building's second floor ("Premises").

2. ***TERM***. Section 3 set forth in the Lease shall be deleted in its entirety and replaced with the following:

   Landlord hereby leases to Tenant the Premises subject to all the terms, covenants and conditions contained herein for a term of ONE HUNDRED TWENTY (120) months, commencing on May 17, 2010 ("Commencement Date").

3. ***NOTICES***. Section 37 set forth in the Lease shall be deleted in its entirety and replaced with the following:

   Any bill, statement, notice, communication or payment which Landlord or Tenant may be required or permitted to be given under this Lease, shall be in writing and shall be given or served by either party to the other party either personally or by certified or registered mail, postage prepaid, addressed to the parties at the following respective addresses, or at such other address as a party from time to time designate by written notice to the other.

   (a) To Tenant: UT Medical Group, Inc.
   1407 Union Avenue, Suite 700
   Memphis, TN 38104
   Attn: Chief Operating Officer

   (b) To Landlord: Ruiz-Hernandez Properties
   6490 Mt. Moriah Ext. #200
   Memphis, TN 38115

This Amendment supersedes any prior agreements, negotiations and communications, oral or written, with respect to the subject matter of this Amendment and contains the entire agreement, and the final expression of, Landlord and Tenant with respect to the matters treated in this

Amendment, No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

IN WITNESS WHEREOF, the Landlord and the Tenant have each duly executed, or caused the same to be executed, in their names and on their behalf, in multiple copies (each of such copies when executed by both parties being deemed an original) as of the date set forth above.

RUIZ-HERNANDEZ PROPERTIES

Landlord

BY: _____

Title: _____

UT MEDICAL GROUP, INC.

Tenant

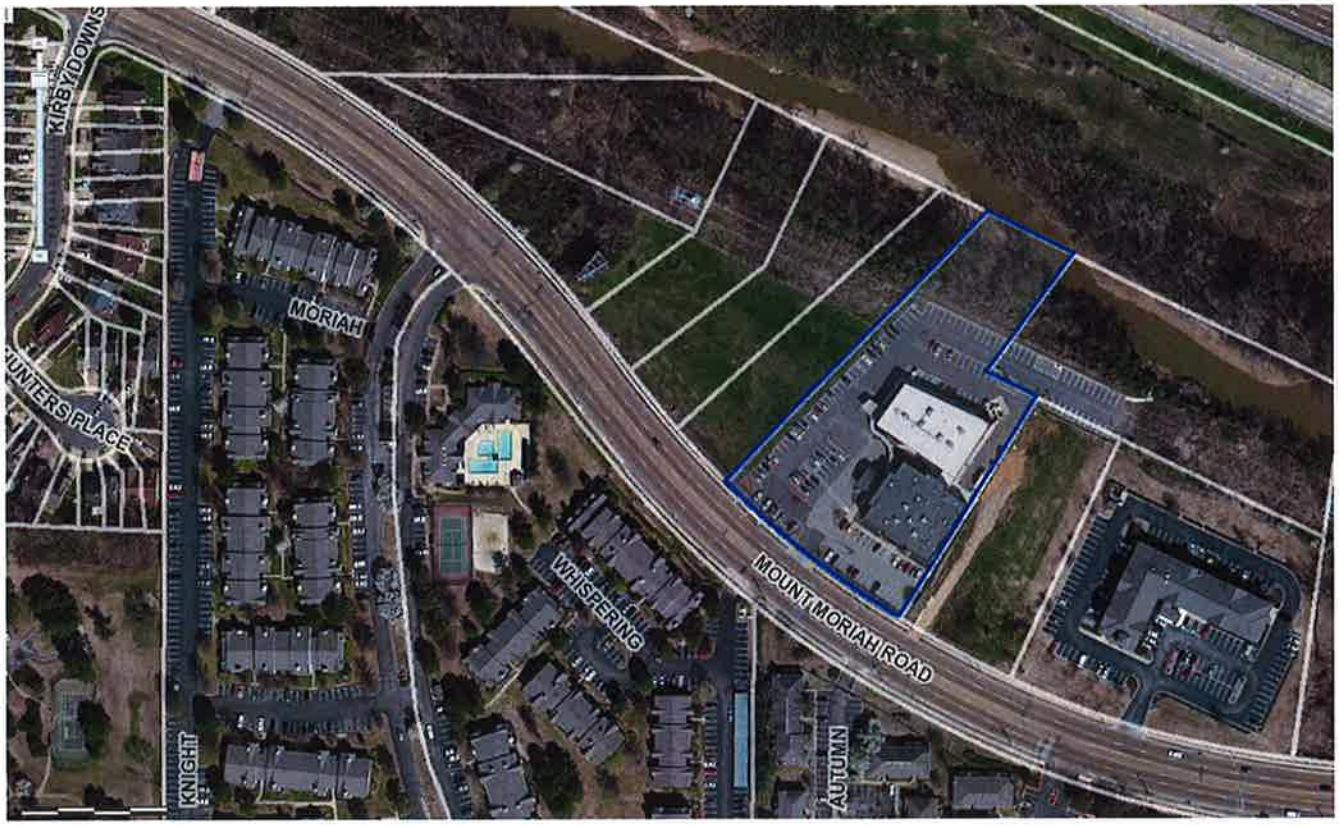
BY: Richard O. Beer

Title: C.O.O.

Attachment A-6B1

Plot Plan

Property Address: 6490 Mt. Moriah Road Extended, Memphis, TN 38115
Total Acres: 2.66[1]

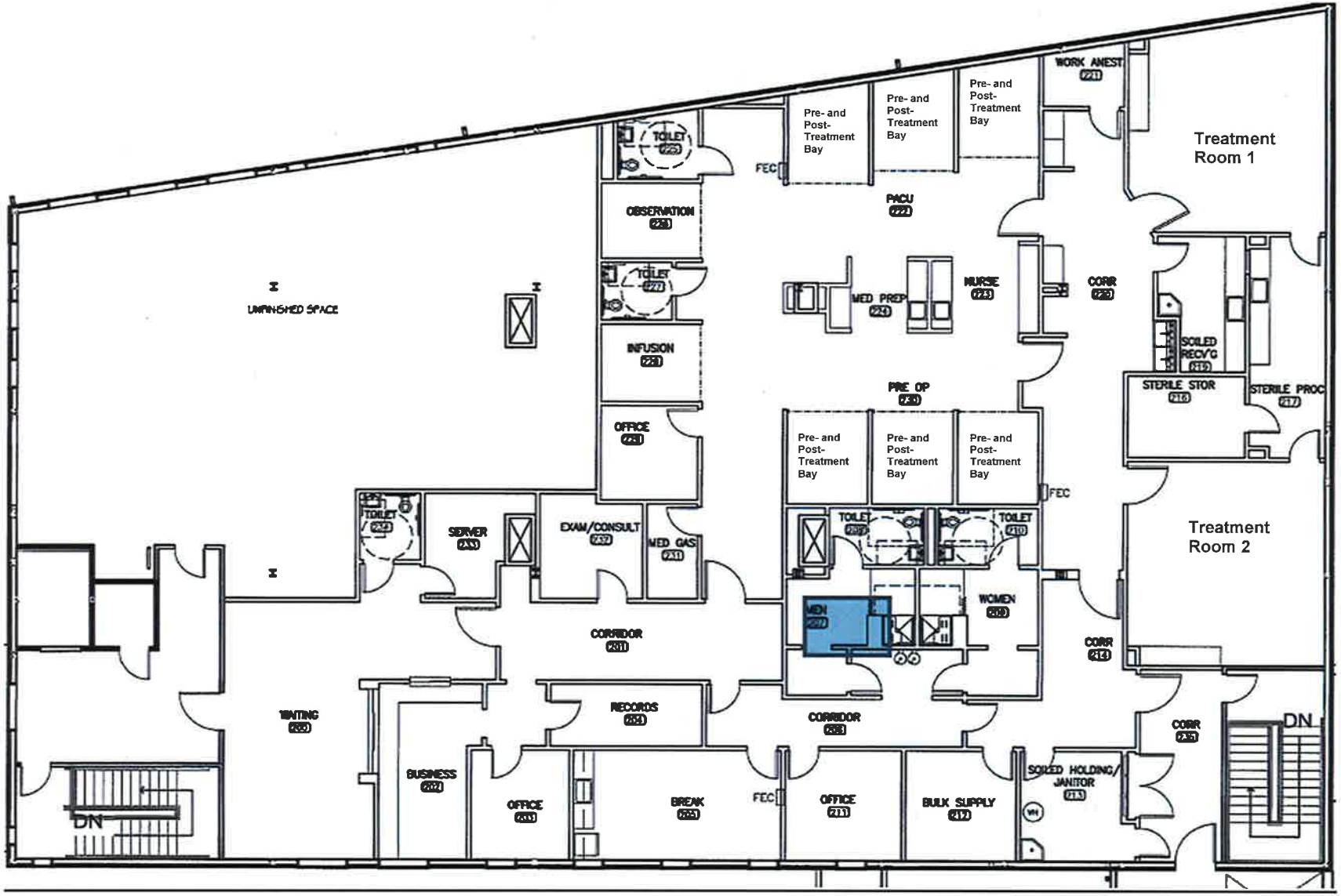


[1] Property details and maps from Shelby County Registrar of Deeds, GIS Maps, *available at* http://gis.register.shelby.tn.us/?parcelid=093204.

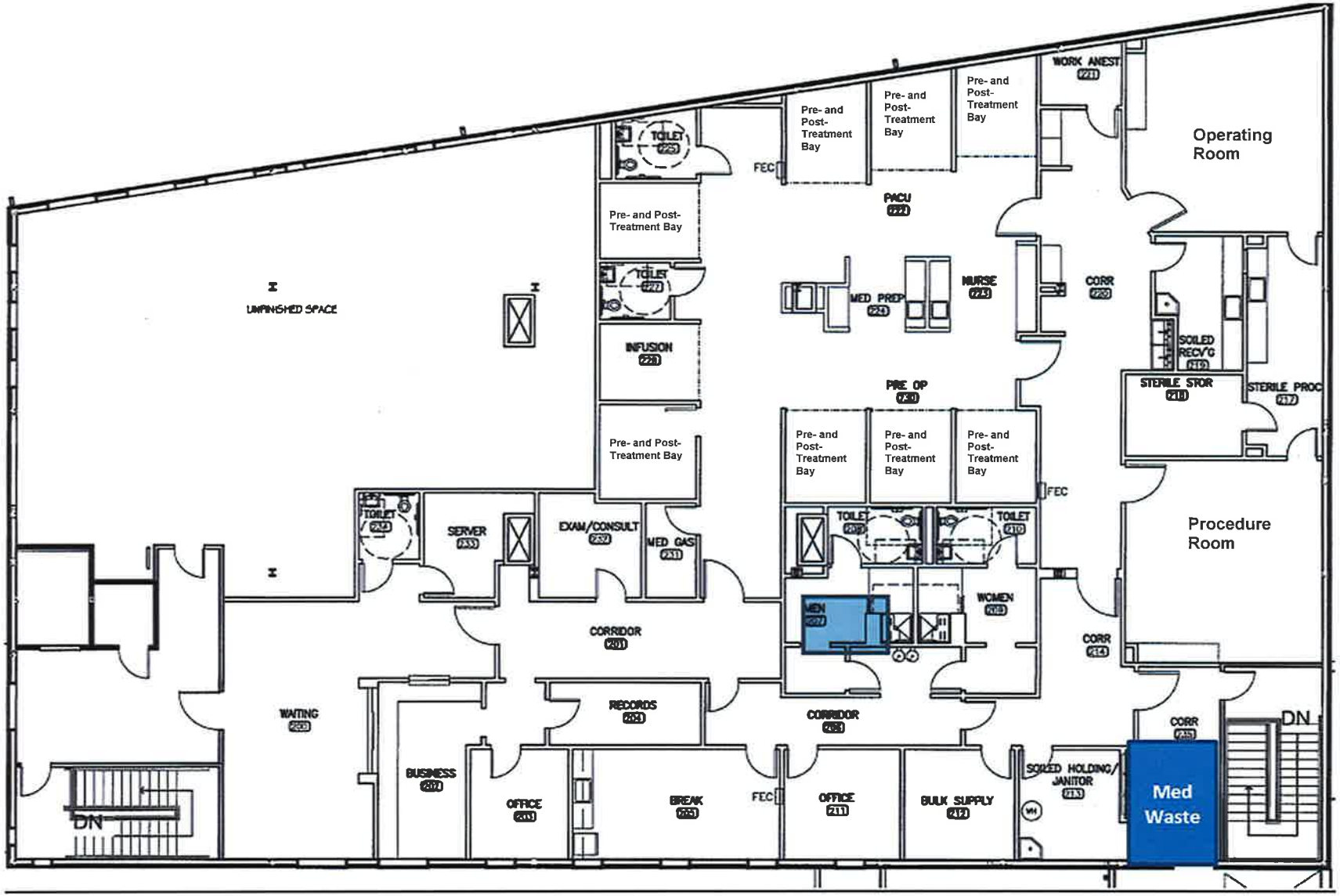
Attachment A-6B2

Floor Plan

Facility Floor Plan – Current



Facility Floor Plan – Proposed

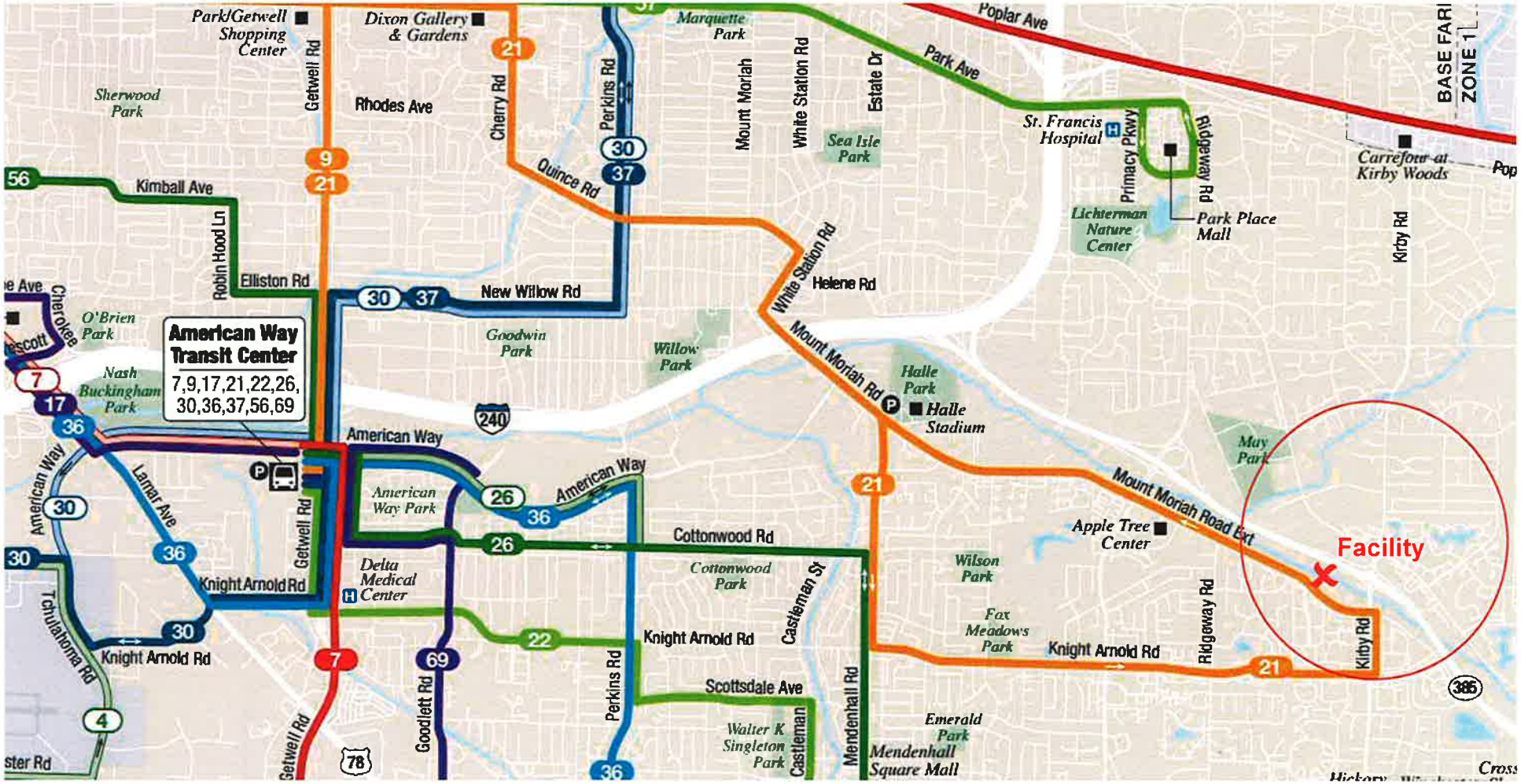


Attachment A-6B3

Public Transportation and Major Roads

Public Transportation[1]

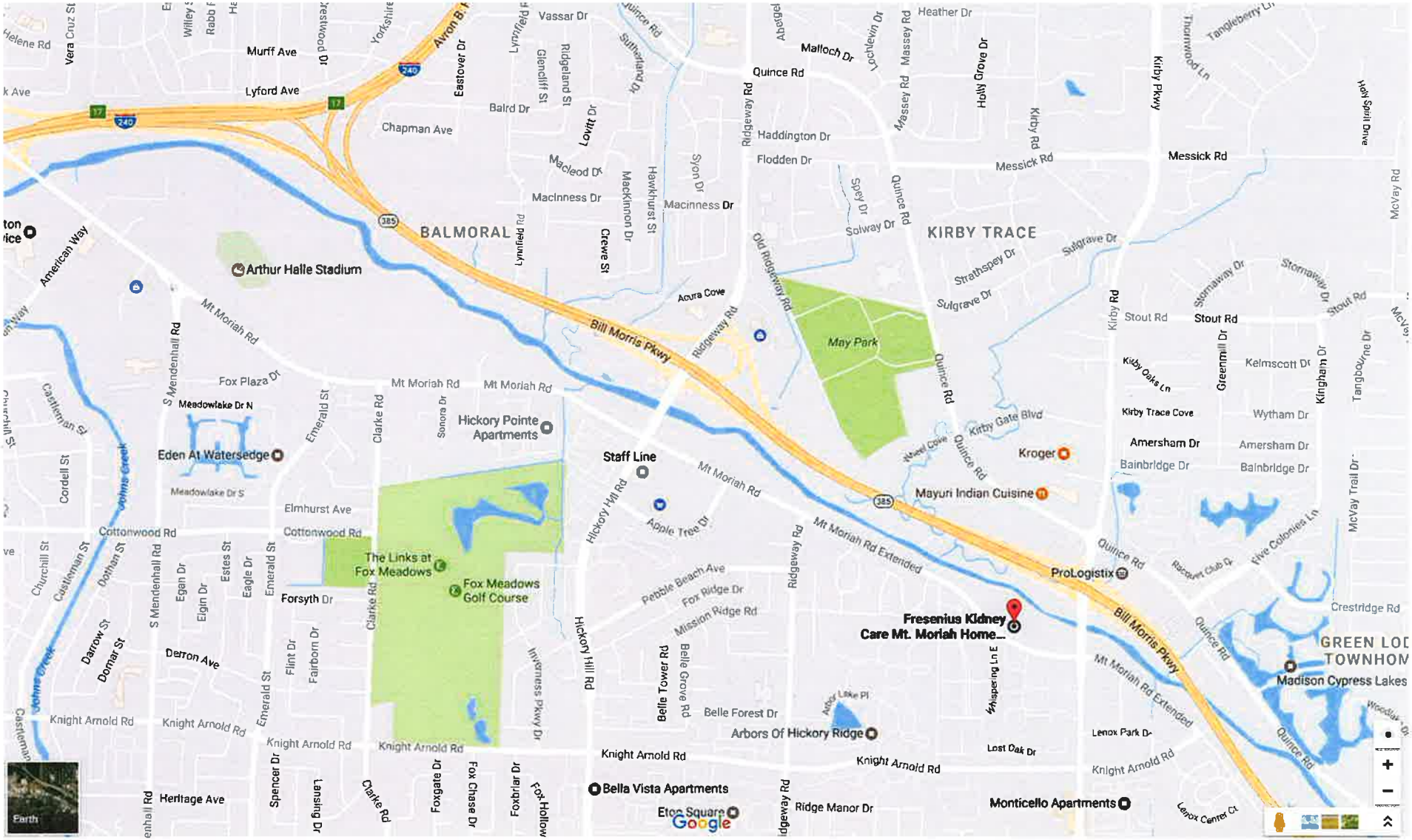
Please see below for an excerpt of the Memphis Area Transit Authority System Map demonstrating the facility's location on Route 21.



[1] MATA System Map, available at http://www.matatransit.com/sites/default/files/web%20schedules%20may16/MATA-SysMap-May-2016-Updated.pdf.

Major Roads[2]

Please see below for the location of the facility (labeled here as "Fresenius Kidney Care Mt. Moriah Home") relative to the highways and major roadways in Memphis.



[2] Provided by Google Maps.

Attachment A-12

Square Footage

Floor Plan of Square Footage and Renovation

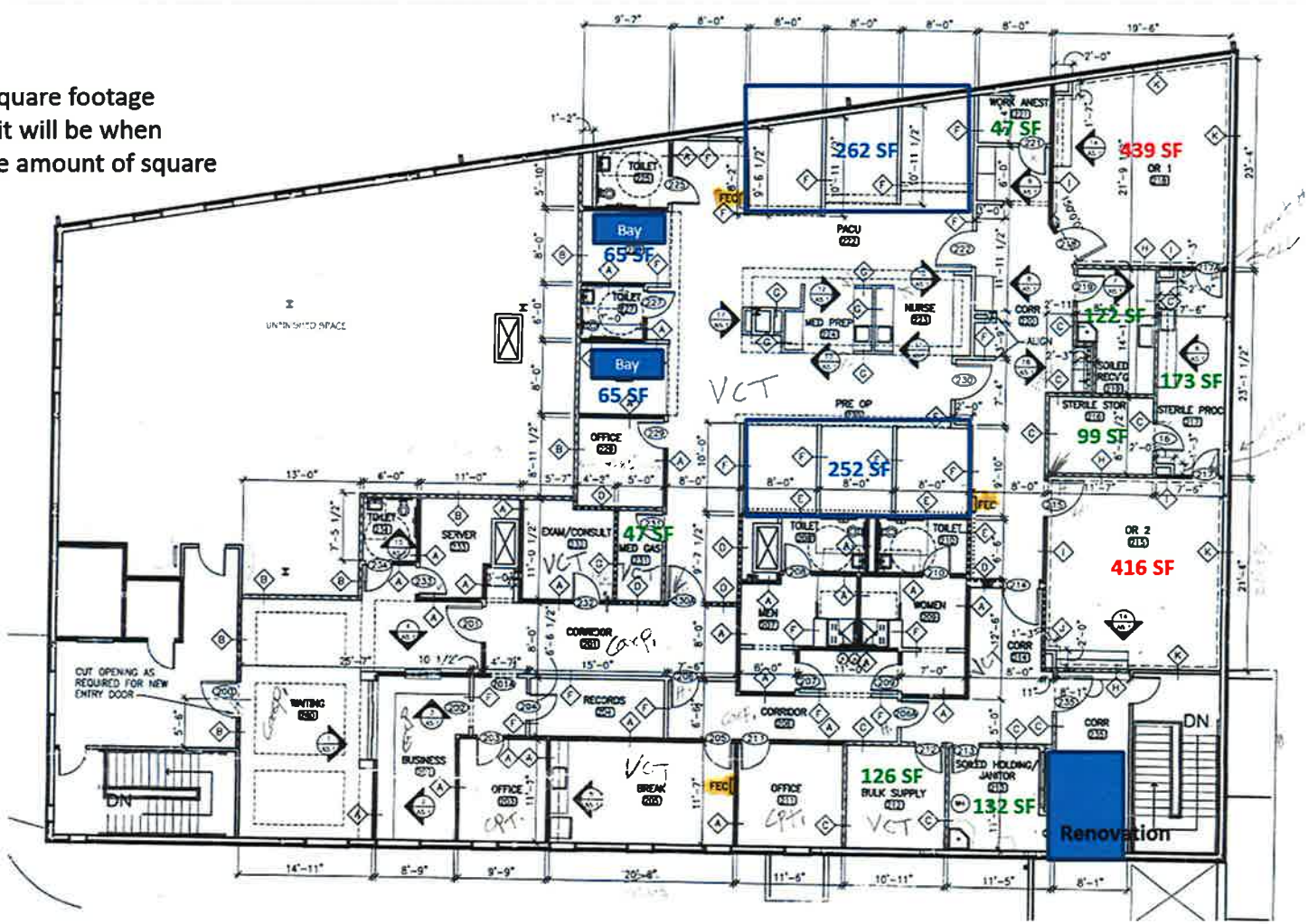
Per Department provide the square footage for each as is today and what it will be when converted to ASC. Indicate the amount of square feet being renovated.

Patient care rooms = 855 SF

Ancillary areas = 644 SF

Equipment areas = 746 SF

Renovation Area = 100 SF



Attachment B-Need-A6

Patient Counties of Origin and Driving Distance

Service Area: Counties and Zip Codes of Origin of Current Patients

State	County	Zip Code	Patient Count	State	County	Zip Code	Patient Count
AL	Colbert	35661	1	MS	Tunica	38670	1
AR	Craighead	72401	1	MS	Tunica	38626	5
AR	Crittenden	72303	1	MS	Tunica	38664	5
AR	Crittenden	72327	1	MS	Tunica	38676	21
AR	Crittenden	72331	1	MS	Yalobusha	38948	1
AR	Crittenden	72332	1	TN	Davidson	37211	1
AR	Crittenden	72376	1	TN	Fayette	38068	1
AR	Crittenden	72364	4	TN	Fayette	38036	2
AR	Crittenden	72301	16	TN	Fayette	38057	3
AR	Cross	72396	2	TN	Fayette	38066	3
AR	Lee	72341	1	TN	Fayette	38060	4
AR	Lee	72360	17	TN	Hardeman	38067	1
AR	Monroe	72021	3	TN	Hardeman	38075	1
AR	Phillips	72374	1	TN	Hardeman	38039	2
AR	Phillips	72390	2	TN	Shelby	38120	1
AR	Phillips	72342	5	TN	Shelby	38168	1
AR	Saint Francis	72340	1	TN	Shelby	38125-3008	1
AR	Saint Francis	72359	1	TN	Shelby	38103	2
AR	Saint Francis	72394	1	TN	Shelby	38175	2
AR	Saint Francis	72326	3	TN	Shelby	38133	4
AR	Saint Francis	72348	3	TN	Shelby	38138	4
AR	Saint Francis	72335	19	TN	Shelby	38139	6
MO	Desoto	38671-6282	1	TN	Shelby	38135	7
MO	Mississippi	72358	1	TN	Shelby	38053	8
MO	Mississippi	72442	1	TN	Shelby	38018	10
MO	Mississippi	72315	22	TN	Shelby	38117	10
MO	Pemiscot	63877	1	TN	Shelby	38002	12
MS	Coahoma	38614	1	TN	Shelby	38016	14
MS	Coahoma	38645	1	TN	Shelby	38122	14
MS	Desoto	38641	3	TN	Shelby	38105	15
MS	Desoto	38651	3	TN	Shelby	38134	15
MS	Desoto	38680	4	TN	Shelby	38017	17
MS	Desoto	38672	8	TN	Shelby	38112	18
MS	Desoto	38632	12	TN	Shelby	38126	18
MS	Desoto	38637	18	TN	Shelby	38108	22
MS	Desoto	38671	31	TN	Shelby	38104	26
MS	Desoto	38654	38	TN	Shelby	38141	28
MS	Grenada	38901	1	TN	Shelby	38107	29
MS	Grenada	38929	1	TN	Shelby	38119	29
MS	Lafayette	38655	3	TN	Shelby	38128	33
MS	Marshall	38642	1	TN	Shelby	38125	42
MS	Marshall	38661	2	TN	Shelby	38111	60
MS	Marshall	38635	4	TN	Shelby	38114	60
MS	Marshall	38611	21	TN	Shelby	38118	63
MS	Panola	38606	1	TN	Shelby	38127	63
MS	Panola	38621	2	TN	Shelby	38106	66
MS	Panola	38666	2	TN	Shelby	38115	71
MS	Panola	38619	3	TN	Shelby	38116	73
MS	Quitman	38623	1	TN	Shelby	38109	112
MS	Quitman	38646	1	TN	Tipton	38011	1
MS	Tate	38602	1	TN	Tipton	38023	1
MS	Tate	38668	6	TN	Tipton	38049	1
MS	Tate	38618	12	TN	Tipton	38058	1
MS	Tippah	38683	1	TN	Tipton	38019	3

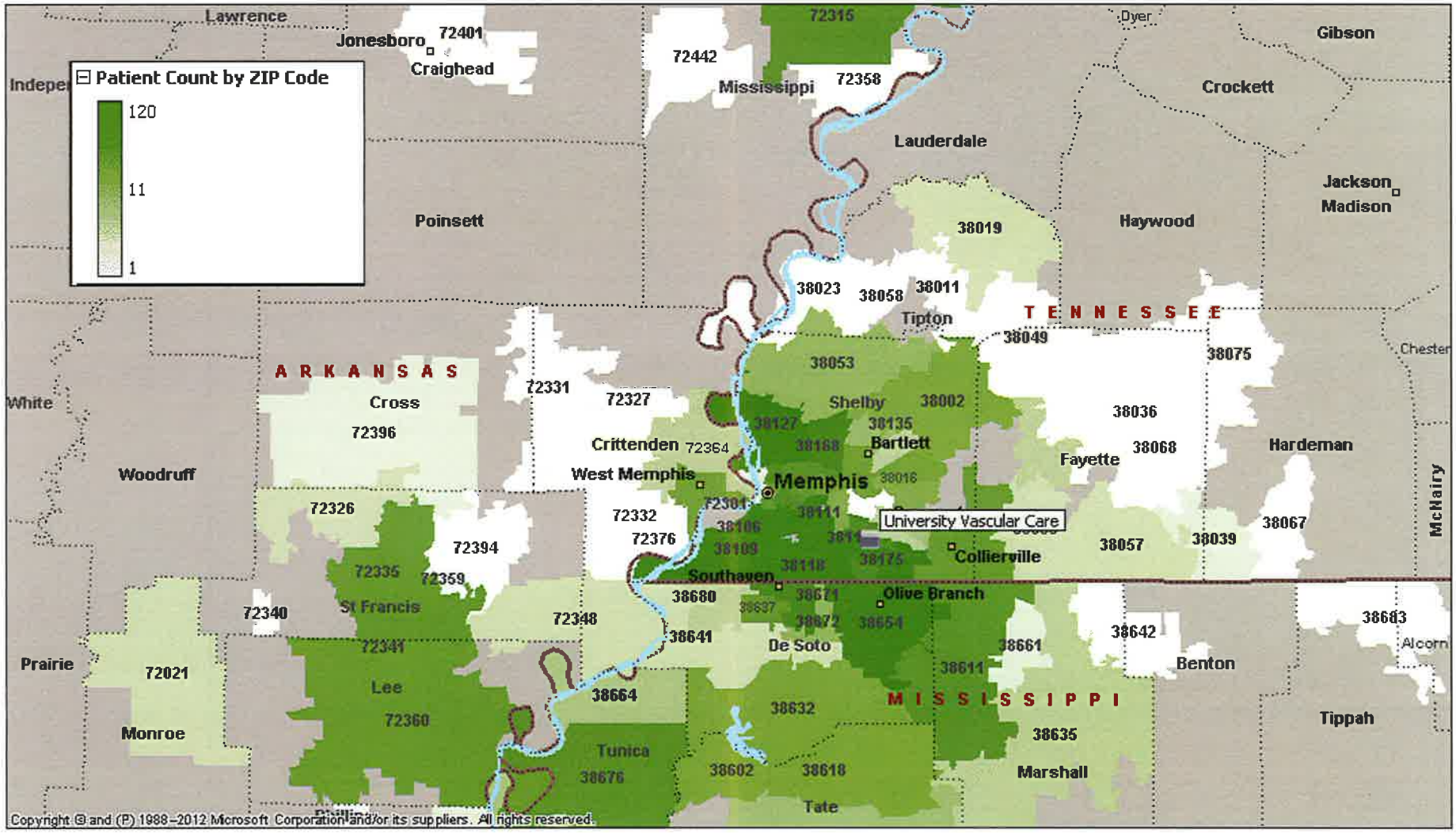
Based on existing center data as of March 2017.

Service Area: Counties of Origin and Percentage of Patients

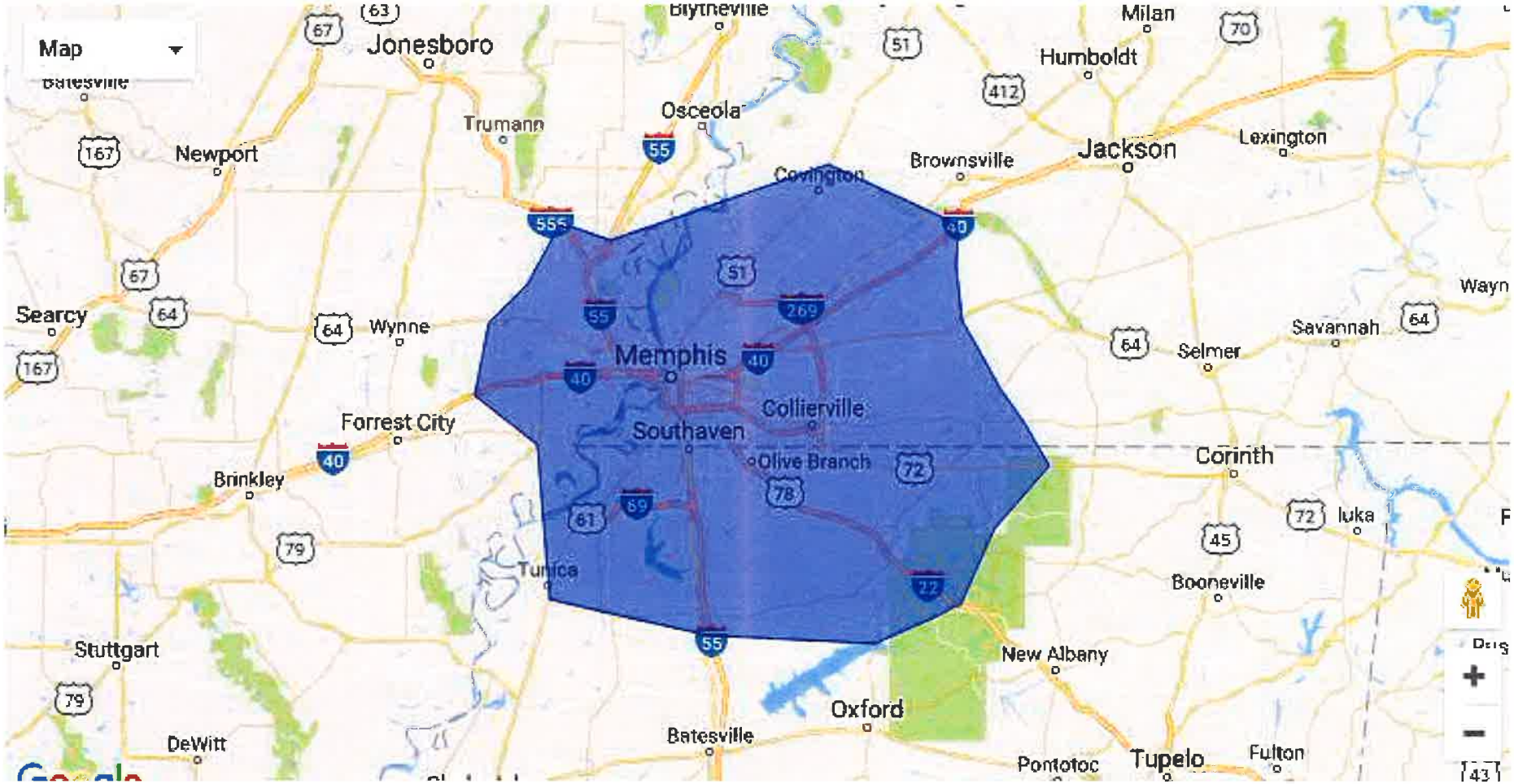
State	County	Patient Count	Percentage of Total
AL	Colbert	1	0.08%
AR	Craighead	1	0.08%
	Crittenden	25	1.91%
	Cross	2	0.15%
	Lee	18	1.38%
	Monroe	3	0.23%
	Phillips	8	0.61%
	St. Francis	28	2.14%
MO	Desoto	1	0.08%
	Mississippi	24	1.83%
	Pemiscot	1	0.08%
MS	Coahoma	2	0.15%
	Desoto	117	8.94%
	Grenada	2	0.15%
	Lafayette	3	0.23%
	Marshall	28	2.14%
	Panola	8	0.61%
	Quitman	2	0.15%
	Tate	19	1.45%
	Tippah	1	0.08%
	Tunica	32	2.45%
	Yalobusha	1	0.08%
TN	Davidson	1	0.08%
	Fayette	13	0.99%
	Hardeman	4	0.31%
	Shelby	956	73.09%
	Tipton	7	0.54%
TOTAL		**1308**	**100%**

Patient counties of origin with 2% or more of the existing center's patient population are highlighted in yellow. Collectively, Shelby, Desoto, Marshall, and Tunica counties account for 86.62% of the existing center's patient population.

Service Area: Counties and Zip Codes of Origin of Current Patients



Estimated 60 Minute Driving Radius from Facility[1]



[1] Calculated by https://www.freemaptools.com/how-far-can-i-travel.htm.

Attachment B-Need-D1b

Prevalence and Incidence of Dialysis Patients:
Alabama, Mississippi, and Tennessee
(United States Renal Data System, Network 8)

Network 8		Created: September 29, 2016
Table 1. Incident (New) ESRD Patients in Network 8's Service Area, by Patient Characteristics		
January 1, 2015 - December 31, 2015		
TN	Number	Percent
Age Group		
<= 4 Years	2	0.1%
5-9 Years	2	0.1%
10-14 Years	5	0.2%
15-19 Years	8	0.3%
20-24 Years	23	0.9%
25-29 Years	34	1.3%
30-34 Years	55	2.2%
35-39 Years	86	3.4%
40-44 Years	131	5.2%
45-49 Years	187	7.4%
50-54 Years	223	8.8%
55-59 Years	262	10.4%
60-64 Years	344	13.6%
65-69 Years	342	13.5%
70-74 Years	310	12.3%
75-79 Years	255	10.1%
80-84 Years	167	6.6%
>= 85 Years	91	3.6%
State-Level Total	2527	100.0%
Median Age	63	
Gender		
Female	1104	43.7%
Male	1423	56.3%
State-Level Total	2527	100.0%
Ethnicity*		
Hispanic or Latino	47	1.9%
Not Hispanic or Latino	2480	98.1%
State-Level Total	2527	100.0%
Race*		
American Indian/Alaska Native	3	0.1%
Asian	12	0.5%
Black or African American	907	35.9%
Native Hawaiian or Other Pacific Islander	8	0.3%
White	1593	63.0%
More Than One Race Reported	4	0.2%
State-Level Total	2527	100.0%
Primary Cause of ESRD*		
Diabetes	1064	42.1%
Glomerulonephritis	118	4.7%
Secondary Glomerulonephritis/Vasculitis	46	1.8%
Interstitial Nephritis/Pyelonephritis	54	2.1%
Transplant Complications	3	0.1%
Hypertension/Large Vessel Disease	949	37.6%
Cystic/Hereditary/Congenital/Other Diseases	73	2.9%
Neoplasms/Tumors	49	1.9%
Disorders of Mineral Metabolism	0	0.0%
Genitourinary System	1	0.0%
Acute Kidney Failure	13	0.5%
Miscellaneous Conditions	129	5.1%
Not Specified	28	1.1%
State-Level Total	2527	100.0%

Source of data: CROWNWeb.
*Categories are from the CMS-2728 form.

Network 8		Created: September 29, 2016
Prevalent Dialysis Patients in Network 8's Service Area, by Patient Characteristics		
As of December 31, 2015		
TN	Number	Percent
Age Group		
<= 4 Years	6	0.1%
5-9 Years	4	0.0%
10-14 Years	5	0.0%
15-19 Years	15	0.1%
20-24 Years	78	0.8%
25-29 Years	153	1.5%
30-34 Years	219	2.1%
35-39 Years	389	3.8%
40-44 Years	583	5.6%
45-49 Years	827	8.0%
50-54 Years	993	9.6%
55-59 Years	1249	12.0%
60-64 Years	1431	13.8%
65-69 Years	1446	13.9%
70-74 Years	1168	11.3%
75-79 Years	853	8.2%
80-84 Years	604	5.8%
>= 85 Years	343	3.3%
State-Level Total	10366	100.0%
Median Age	62	
Gender		
Female	4580	44.2%
Male	5786	55.8%
State-Level Total	10366	100.0%
Ethnicity*		
Hispanic or Latino	176	1.7%
Not Hispanic or Latino	10190	98.3%
State-Level Total	10366	100.0%
Race*		
American Indian/Alaska Native	15	0.1%
Asian	73	0.7%
Black or African American	5260	50.7%
Native Hawaiian or Other Pacific Islander	19	0.2%
White	4990	48.1%
More Than One Race Reported	8	0.1%
Not Specified	1	0.0%
State-Level Total	10366	100.0%
Primary Cause of ESRD*		
Diabetes	4058	39.1%
Glomerulonephritis	637	6.1%
Secondary Glomerulonephritis/Vasculitis	200	1.9%
Interstitial Nephritis/Pyelonephritis	236	2.3%
Transplant Complications	3	0.0%
Hypertension/Large Vessel Disease	4145	40.0%
Cystic/Hereditary/Congenital/Other Diseases	320	3.1%
Neoplasms/Tumors	284	2.7%
Disorders of Mineral Metabolism	0	0.0%
Genitourinary System	1	0.0%
Acute Kidney Failure	9	0.1%
Miscellaneous Conditions	440	4.2%
Not Specified	33	0.3%
State-Level Total	10366	100.0%

Source of data: CROWNWeb.

Attachment B-Economic Feasibility-A5

Architect Letter

THE CRUMP FIRM architects planners designers

February 23, 2017

Mr. Ernest Gutierrez
Director of Infrastructure and Development
Fresenius Vascular Care

Email: ernest.gutierrez@fvc-na.com

Re: University Vascular Access Care
6490 Mt. Moriah Road Extended
Suite 202
Memphis, TN

Dear Mr. Gutierrez:

This letter is to notify you that Code Compliance review has been concluded on the referenced project. After thorough review, it has been determined that:

- The existing space meets all state and local codes, as well as federal standards for use as an ASTC
- The existing space conforms to all design and construction specifications provided by The Crump Firm, Inc. at the time of construction
- The amount set forth in the Project Budget is a reasonable estimate for the cost of the proposed renovations

If you have any further questions, please do not hesitate to contact our office.

Sincerely,

David Hoback, Principal
President

81 Monroe Avenue, Suite 100 - Memphis, TN 38103 - 901-525-7744
www.crumpfirm.com

Attachment B-Economic Feasibility-B

Financial Data for UT Medical Group, Inc.

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493137092316

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public
▶ Information about Form 990 and its instructions is at *www.IRS.gov/form990*

OMB No 1545-0047

2014

Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 07-01-2014 , and ending 06-30-2015

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
UT MEDICAL GROUP INC

Doing business as

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1407 UNION AVENUE NO 700

City or town, state or province, country, and ZIP or foreign postal code
MEMPHIS, TN 381043641

D Employer identification number
62-1162462

E Telephone number
(901)866-8015

G Gross receipts $ 74,151,244

F Name and address of principal officer
ANDREW BOTSCHNER
1407 UNION AVESUITE 700
MEMPHIS,TN 381043641

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J **Website:** ▶ WWW UTMEDICALGROUP COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1983

M State of legal domicile TN

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
DELIVERY OF HEALTH CARE BY THE FACULTY PHYSICIANS OF THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER COLLEGE OF MEDICINE

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	5
5	Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5	1,172
6	Total number of volunteers (estimate if necessary)	6	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	904,196
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-1,169,849

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	0	0
	9	Program service revenue (Part VIII, line 2g)	105,914,378	70,864,048
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,674,396	503,823
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,768,449	2,320,920
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	117,357,223	73,688,791
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	81,225,781	44,837,770
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	16,681,648	35,455,363
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	97,907,429	80,293,133
	19	Revenue less expenses Subtract line 18 from line 12	19,449,794	-6,604,342

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	46,048,646	32,690,274
	21	Total liabilities (Part X, line 26)	15,652,790	8,898,760
	22	Net assets or fund balances Subtract line 21 from line 20	30,395,856	23,791,514

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

****** | 2016-05-16
Signature of officer | Date

ANDREW BOTSCHNER CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
MARK E GROCHAU	MARK E GROCHAU			P00235252

Firm's name ▶ CBIZ MHM LLC | Firm's EIN ▶ 27-4080201

Firm's address ▶ 5100 POPLAR AVENUE THIRTIETH FLOOR MEMPHIS, TN 38137 | Phone no (901) 685-5575

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

THE MISSION OF UT MEDICAL GROUP, INC IS TO DELIVER HIGH QUALITY HEALTH AND MEDICAL SERVICES THROUGH - LEADING EDGE CLINICAL PRACTICE IN AN ACADEMIC SETTING, - EXCELLENCE IN SERVICE AND SATISFACTION, AND - AVAILABILITY, ACCESSIBILITY, AND CONVENIENCE FOR THE PATIENTIN SUPPORT OF THE COLLEGE OF MEDICINE OF THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 67,346,040 including grants of $) (Revenue $)

UT MEDICAL GROUP, INC (THE GROUP) IS A NONPROFIT EDUCATIONAL, RESEARCH AND CHARITABLE ORGANIZATION INCORPORATED IN THE STATE OF TENNESSEE WHOSE ACTIVITIES ENCOMPASS THE DELIVERY OF HEALTH CARE BY THE FACULTY OF THE COLLEGE OF MEDICINE OF THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER (UTHSC) THE GROUP OPERATES UNDER AN AFFILIATION AGREEMENT WITH UTHSC AND PROVIDES COMPREHENSIVE, HIGH QUALITY, MULTI-SPECIALTY HEALTH CARE TO ALL PATIENTS WHILE FULFILLING THE ACADEMIC, TEACHING AND RESEARCH RESPONSIBILITIES OF THE PROFESSIONAL EMPLOYEES (FACULTY PHYSICIANS) THE GROUP BEGAN THE YEAR WITH EIGHTEEN CLINICAL DEPARTMENTS AND CERTAIN ANCILLARY AND ADMINISTRATIVE DEPARTMENTS THE CLINICAL DEPARTMENTS INCLUDED ADULT CARDIOVASCULAR INSTITUTE, ANESTHESIOLOGY, DERMATOLOGY, EMERGENCY MEDICINE, FAMILY MEDICINE, INTERVENTIONAL RADIOLOGY, MEDICINE, NEONATOLOGY, NEUROLOGY, OBSTETRICS AND GYNECOLOGY, OPHTHALMOLOGY, OTOLARYNGOLOGY, PLASTIC SURGERY, PRIMARY CARE, PSYCHIATRY, RADIOLOGY, SURGERY, SOLID ORGAN TRANSPLANT INSTITUTE, AND UROLOGY THE RANGE OF SERVICES PROVIDED BY THE CLINICAL DEPARTMENTS INCLUDES PRIMARY CARE, SPECIALTY CONSULTATIONS, SUBSPECIALTY PROCEDURES AND DIAGNOSTIC EVALUATIONS, SURGICAL PROCEDURES (INCLUDING A TRANSPLANT PROGRAM) AND EMERGENCY CARE HEALTH CARE SERVICES ARE DELIVERED IN NUMEROUS HOSPITAL AND CLINIC SETTINGS, INCLUDING INPATIENT AND OUTPATIENT CARE AT THE REGIONAL MEDICAL CENTER AT MEMPHIS (THE MED), LE BONHEUR CHILDREN'S HOSPITAL, MEMPHIS VA MEDICAL CENTER, METHODIST UNIVERSITY HOSPITAL, ST JUDE CHILDREN'S RESEARCH HOSPITAL, ST FRANCIS HOSPITAL, BAPTIST MEMORIAL HOSPITALS, AND OTHER LOCAL COMMUNITY HOSPITALS THE GROUP'S FACULTY PHYSICIANS PROVIDE HEALTH CARE SERVICES TO PATIENTS OF THE CENTERS OF EXCELLENCE AT THE MED THE CENTERS OF EXCELLENCE INCLUDE THE TRAUMA CENTER, BURN CENTER, WOUND CARE CENTER, HIGH RISK OBSTETRICS CENTER, NEWBORN CENTER, ADULT SPECIAL CARE, AND SICKLE CELL CENTER DURING THE YEAR ENDED JUNE 30, 2015, THE GROUP HAD 325,005 PATIENT ENCOUNTERS IN INPATIENT, OUTPATIENT, AND CLINICAL SETTINGS GROUP PHYSICIANS WERE INVOLVED IN THE DELIVERIES OF 3,548 THE MEDICAL SERVICES PROVIDED BY THE GROUP ARE AVAILABLE TO THE COMMUNITY AS A WHOLE WITHOUT REGARD TO ABILITY TO PAY MEDICARE, MEDICAID, AND TENNCARE PATIENTS ARE ACCEPTED THE GROUP HAS AN AGREEMENT WITH THE MED, WHICH IS THE PUBLIC SAFETY NET HOSPITAL OF SHELBY COUNTY, TENNESSEE, THAT PROVIDES FOR THE DELIVERY OF PROFESSIONAL SERVICES TO INDIGENT PATIENTS, BOTH INPATIENT AND OUTPATIENT IN ADDITION TO PATIENTS FROM SHELBY COUNTY, THE FACULTY PHYSICIANS AND OTHER PROFESSIONAL EMPLOYEES OF THE GROUP PROVIDE HEALTH CARE SERVICES TO OUT-OF-STATE RESIDENTS AND RESIDENTS OF FOREIGN COUNTRIES WHO HAVE LIMITED INCOMES DURING THE YEAR OVER APPROXIMATELY 50 PERCENT OF THE GROUP'S SERVICES WERE PROVIDED TO PATIENTS WITH TENNCARE, MEDICAID OR NO INSURANCE COVERAGE ANOTHER 25 PERCENT WERE PROVIDED TO MEDICARE PATIENTS THE PROFESSIONAL EMPLOYEES OF THE GROUP ARE DEDICATED TO THE MEDICAL TRAINING AND EDUCATION OF HEALTH PROFESSIONALS IN CONJUNCTION WITH THE UTHSC COLLEGE OF MEDICINE ALTHOUGH EDUCATIONAL ACTIVITIES ARE FUNDED PRIMARILY THROUGH THE UTHSC COLLEGE OF MEDICINE, THE GROUP MAKES SIGNIFICANT CONTRIBUTIONS TO THIS EFFORT WITH BOTH PERSONNEL AND FINANCIAL RESOURCES DURING THE YEAR FACULTY PHYSICIANS WERE INVOLVED IN THE EDUCATION OF PRIMARILY THE THIRD AND FOURTH YEAR MEDICAL STUDENTS (300 OF THE 600 MEDICAL STUDENTS) ALSO IN CONJUNCTION WITH THE UTHSC COLLEGE OF MEDICINE, THE PROFESSIONAL EMPLOYEES OF THE GROUP ENGAGE IN PROGRAMS OF MEDICAL RESEARCH AND EDUCATION THAT PROMOTE THE LONG-TERM HEALTH AND WELFARE OF PATIENTS AND THE GENERAL PUBLIC THE RESEARCH PROGRAMS FOCUS ON PREVENTION AND TREATMENT OF ILLNESSES AS WELL AS EFFECTS OF DRUGS AND MEDICATIONS ON A VARIETY OF DISEASES AND MEDICAL CONDITIONS WHILE SERVING AS THE FACULTY PRACTICE PLAN OF THE UTHSC COLLEGE OF MEDICINE, THE LONG-TERM COMMITMENT OF THE GROUP IS TO CONTINUE TO PROVIDE MEDICAL SERVICES TO ANY AND ALL PATIENTS AND TO PROMOTE GOOD HEALTH THROUGH RESEARCH AND EDUCATION

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 67,346,040

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I* (see instructions)	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		No
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If "Yes," complete Schedule L, Part II*	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	92			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,172			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?			8		
9a	Did the sponsoring organization make any taxable distributions under section 4966?			9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	16		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	1b	5		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*		9		No

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a		No
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

☐ Own website ☑ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records ▶TIMOTHY S CARLEW

1407 UNION AVENUE SUITE 720
MEMPHIS, TN 381043641 (901) 866-8117

Part VII **Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ROBERT B CANADA MD DIRECTOR & CMO	28 00 12 00	X		X				231,014	112,927	34,337
(2) TIMOTHY C FABIAN MD DIRECTOR	22 00 18 00	X						230,796	284,895	64,760
(3) KENNARD D BROWN JD PHD DIRECTOR	3 00 37 00	X						0	412,185	54,484
(4) DAVID M STERN MD DIRECTOR/CHAIRMAN BD OF DI	20 00 20 00	X		X				117,493	602,957	44,806
(5) ANDREW BOTSCHNER JD DIRECTOR/CEO	40 00	X		X				257,269	0	1,745
(6) ROBERT W WAKE MD DIRECTOR	14 00 26 00	X						118,765	250,294	32,657
(7) JOHN ZANELLA JR MD DIRECTOR	23 00 17 00	X						365,503	178,919	46,294
(8) SRIDHAR SHANKAR MD DIRECTOR	32 00 8 00	X						457,276	13,238	34,410
(9) CLAUDETTE SHEPHARD MD DIRECTOR	18 00 22 00	X						100,660	180,480	40,434
(10) JOHN VINES DIRECTOR	3 00	X						0	0	19,350
(11) GLYNN ALEXANDER DIRECTOR	3 00	X						0	0	0
(12) MAURICE ELLIOTT DIRECTOR	3 00	X						0	0	0
(13) STEVEN W FITZPATRICK DIRECTOR	3 00	X						0	0	0
(14) EDWIN S ROBERSON DIRECTOR	3 00	X						0	0	0

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(15) JAMES CHRISTIAN FLEMING MD ASSOC CMO	30 00 10 00			X				203,611	234,178	47,438
(16) GINA ALEXANDER CHIEF FINANCIAL OFFICER	40 00			X				157,364	0	18,874
(17) ROBERT WALLACE PHYSICIAN	40 00					X		482,005	181,325	0
(18) WILLIAM HICKERSON PHYSICIAN	40 00					X		561,829	53,579	0
(19) KATHRYN SCHWARZENBERGER PHYSICIAN	40 00					X		50,000	376,879	0
(20) EDWARD CHAUM PHYSICIAN	40 00					X		81,914	316,466	0
(21) RAMASUBBAREDDY DHANIREDDY PHYSICIAN	40 00					X		400,195	146,534	0

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	3,815,694	3,344,856	439,589

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶13

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
BEACON PARTNERS INC 97 LIBBEY PARKWAY WEYMOUTH, MA 02189	PRACTICE IMPROVEMENT ANALYSIS	351,679
MICHAEL HOLDSWORTH 1618 W FLOWER CIRCLE PHOENIX, AZ 85015	FINANCIAL CONSULTING	241,875
EXIGO TECHNOLOGY SERVICES 14241 COURSEY BLVD BATON ROUTE, LA 70817	NETWORK MAINTENANCE/TECHNOLOGY SERVICES	165,598

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶3

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns . . 1a				
	b Membership dues 1b				
	c Fundraising events 1c				
	d Related organizations . . . 1d				
	e Government grants (contributions) 1e				
	f All other contributions, gifts, grants, and similar amounts not included above 1f				
	g Noncash contributions included in lines 1a-1f $				
	h **Total.** Add lines 1a-1f . . . . . ▶				
Program Service Revenue	Business Code				
	2a PROGRAM SERVICE 621110	70,864,048	70,864,048		
	b				
	c				
	d				
	e				
	f All other program service revenue				
	g **Total.** Add lines 2a-2f . . . . . ▶	70,864,048			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) . . . . . ▶	41,370			41,370
	4 Income from investment of tax-exempt bond proceeds . . ▶				
	5 Royalties . . . . . ▶				
	(i) Real / (ii) Personal				
	6a Gross rents 371,794				
	b Less rental expenses 0				
	c Rental income or (loss) 371,794				
	d Net rental income or (loss) . . . . . ▶	371,794			371,794
	(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory 924,906				
	b Less cost or other basis and sales expenses 462,453				
	c Gain or (loss) 462,453				
	d Net gain or (loss) . . . . . ▶	462,453			462,453
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a				
	b Less direct expenses . . . b				
	c Net income or (loss) from fundraising events . . ▶				
	9a Gross income from gaming activities See Part IV, line 19 . . . a				
	b Less direct expenses . . . b				
	c Net income or (loss) from gaming activities . . ▶				
	10a Gross sales of inventory, less returns and allowances . a				
	b Less cost of goods sold . . b				
	c Net income or (loss) from sales of inventory . . ▶				
	Miscellaneous Revenue / Business Code				
	11a INVESTMENT IN UTMG DERMATOPATHOLO 900000	1,094,675	1,094,675		
	b UNIVERSITY PRACTICE MANAGEMENT 561110	904,196		904,196	
	c INVESTMENT IN UTMG NEPHROLOGY LLC 900000	-49,745	-49,745		
	d All other revenue				
	e **Total.** Add lines 11a-11d . . . . . ▶	1,949,126			
	12 **Total revenue.** See Instructions . . . . . ▶	73,688,791	71,908,978	904,196	875,617

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments See Part IV, line 21				
2 Grants and other assistance to domestic individuals See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	38,990,860	33,497,824	5,493,036	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,485,757	1,244,535	241,222	
9 Other employee benefits	2,331,275	1,635,505	695,770	
10 Payroll taxes	2,029,878	1,621,370	408,508	
11 Fees for services (non-employees)				
a Management				
b Legal	538,377	11,009	527,368	
c Accounting	150,715		150,715	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	4,562,728	-575,687	5,138,415	
12 Advertising and promotion	73,229	61,219	12,010	
13 Office expenses	2,443,505	1,600,620	842,885	
14 Information technology				
15 Royalties				
16 Occupancy	3,855,995	1,358,043	2,497,952	
17 Travel	235,528	145,032	90,496	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	23,264	1,099	22,165	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,703,537	549,314	1,154,223	
23 Insurance	1,934,072	1,751,959	182,113	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a BAD DEBT EXPENSE	16,106,557	16,106,557		
b REPAIRS & MAINTENANCE	2,255,545	216,924	2,038,621	
c UT COM EDUC FND SUPPORT	1,024,841	1,024,841		
d RECRUITMENT	203,842	135,764	68,078	
e All other expenses	343,628	6,960,112	-6,616,484	
25 **Total functional expenses.** Add lines 1 through 24e	80,293,133	67,346,040	12,947,093	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		117,837	1	178,580
	2	Savings and temporary cash investments		25,303,732	2	23,248,584
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		10,789,232	4	2,075,062
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		4,426,702	9	727,074
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 16,484,695			
	b	Less accumulated depreciation	10b 12,906,567	4,049,112	10c	3,578,128
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,362,031	15	2,882,846
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		46,048,646	16	32,690,274
Liabilities	17	Accounts payable and accrued expenses		14,932,965	17	7,747,902
	18	Grants payable			18	
	19	Deferred revenue			19	632,021
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		209,531	23	209,531
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		510,294	25	309,306
	26	**Total liabilities.** Add lines 17 through 25		15,652,790	26	8,898,760
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		30,395,856	27	23,791,514
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		30,395,856	33	23,791,514
	34	Total liabilities and net assets/fund balances		46,048,646	34	32,690,274

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	73,688,791
2	Total expenses (must equal Part IX, column (A), line 25)	2	80,293,133
3	Revenue less expenses Subtract line 2 from line 1	3	-6,604,342
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	30,395,856
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	23,791,514

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☑

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c		
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
UT MEDICAL GROUP INC

Employer identification number
62-1162462

Part I **Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g
a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**
b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**
c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**
d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**
e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization
f Enter the number of supported organizations . . . . . _____
g Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization listed in your governing document? Yes	No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
Total						

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2014

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI)						
11 **Total support** Add lines 7 through 10						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2013 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2014.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2013.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2014.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2013 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2014** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2013** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2014.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2013.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

Part IV **Supporting Organizations**

(Complete only if you checked a box on line 11 of Part I If you checked 11a of Part I, complete Sections A and B If you checked 11b of Part I, complete Sections A and C If you checked 11c of Part I, complete Sections A, D, and E If you checked 11d of Part I, complete Sections A and D, and complete Part V)

Section A. All Supporting Organizations

			Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in **Part VI** how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in **Part VI** how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in **Part VI** when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in **Part VI** what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.* . . .	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in **Part VI.***	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990).*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part II of Schedule L (Form 990).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509 (a)(1) or (2))? *If "Yes," provide detail in **Part VI.***	9a		
b	Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in **Part VI.***	9b		
c	Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in **Part VI.***	9c		
10a	Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer b below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).*	10b		
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a		
b	A family member of a person described in (a) above?	11b		
c	A 35% controlled entity of a person described in (a) or (b) above? *If "Yes" to a, b, or c, provide detail in Part VI.*	11c		

Part IV **Supporting Organizations** (continued)

Section B. Type I Supporting Organizations

		Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in **Part VI** how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	1		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in **Part VI** how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.*	2		

Section C. Type II Supporting Organizations

		Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in **Part VI** how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*	1		

Section D. All Type III Supporting Organizations

		Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in **Part VI** how the organization maintained a close and continuous working relationship with the supported organization(s).*	2		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in **Part VI** the role the organization's supported organizations played in this regard.*	3		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year **(see instructions)**

a ☐ The organization satisfied the Activities Test Complete **line 2** below

b ☐ The organization is the parent of each of its supported organizations Complete **line 3** below

c ☐ The organization supported a governmental entity Describe in Part VI how you supported a government entity (see instructions)

2 Activities Test **Answer (a) and (b) below.**

		Yes	No
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in **Part VI identify those supported organizations and explain** how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	2a		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in **Part VI** the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	2b		

3 Parent of Supported Organizations **Answer (a) and (b) below.**

a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in Part VI.*	3a		
b Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? *If "Yes," describe in Part VI the role played by the organization in this regard.*	3b		

Part V – Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970 **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E

Section A - Adjusted Net Income

			(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1		
2	Recoveries of prior-year distributions	2		
3	Other gross income (see instructions)	3		
4	Add lines 1 through 3	4		
5	Depreciation and depletion	5		
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7	Other expenses (see instructions)	7		
8	**Adjusted Net Income** (subtract lines 5, 6 and 7 from line 4)	8		

Section B - Minimum Asset Amount

			(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1		
a	Average monthly value of securities	1a		
b	Average monthly cash balances	1b		
c	Fair market value of other non-exempt-use assets	1c		
d	**Total** (add lines 1a, 1b, and 1c)	1d		
e	**Discount** claimed for blockage or other factors (explain in detail in Part VI) _____			
2	Acquisition indebtedness applicable to non-exempt use assets	2		
3	Subtract line 2 from line 1d	3		
4	Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions)	4		
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6	Multiply line 5 by 035	6		
7	Recoveries of prior-year distributions	7		
8	**Minimum Asset Amount** (add line 7 to line 6)	8		

Section C - Distributable Amount

				Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2	Enter 85% of line 1	2		
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4	Enter greater of line 2 or line 3	4		
5	Income tax imposed in prior year	5		
6	**Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		
7	☐ Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)			

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 **Total annual distributions.** Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2014			
a From 2009.			
b From 2010.			
c From 2011.			
d From 2012.			
e From 2013.			
f **Total** of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2014 from Section D, line 7 $			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2014 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 **Excess distributions carryover to 2015.** Add lines 3j and 4c			
8 Breakdown of line 7			
a From 2010.			
b From 2011.			
c From 2012.			
d From 2013.			
e From 2014.			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference	Explanation

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
UT MEDICAL GROUP INC

Employer identification number
62-1162462

Part I **Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate value of contributions to (during year)		
3	Aggregate value of grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II **Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education)
☐ Preservation of an historically important land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶_____

4 Number of states where property subject to conservation easement is located ▶_____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶_____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenue included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenue included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a ☐ Public exhibition

b ☐ Scholarly research

c ☐ Preservation for future generations

d ☐ Loan or exchange programs

e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ▶

b Permanent endowment ▶

c Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		2,656,711	1,067,195	1,589,516
d Equipment		13,577,984	11,839,372	1,738,612
e Other		250,000		250,000
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* . . . . . ▶				3,578,128

Part VII Investments—Other Securities. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) DUE FROM AFFILIATE	98,000
(2) OTHER LONG TERM ASSETS	2,784,846
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	2,882,846

Part X Other Liabilities. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
OTHER LONG TERM LIABILITIES	309,306
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	309,306

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

Part XI **Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains (losses) on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

Part XII **Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

Part XIII **Supplemental Information**

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Return Reference	Explanation

Part XIII Supplemental Information ***(continued)***

Return Reference	Explanation

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Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990.
▶ Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
UT MEDICAL GROUP INC

Employer identification number
62-1162462

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☑ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation in column(B) reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 62-1162462
Name: UT MEDICAL GROUP INC

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred in prior Form 990
ROBERT B CANADA MD, DIRECTOR & CMO	(i)	230,162	852	0	9,217	1,534	241,765	
	(ii)	112,027	0	900	17,573	6,013	136,513	
TIMOTHY C FABIAN MD, DIRECTOR	(i)	230,796	0	0	8,938	2,049	241,783	
	(ii)	281,895	0	3,000	41,201	12,572	338,668	
KENNARD D BROWN JD PHD, DIRECTOR	(i)	0	0	0	0	0	0	
	(ii)	410,685	0	1,500	38,926	15,558	466,669	
DAVID M STERN MD, DIRECTOR/CHAIRMAN BD OF DI	(i)	107,493	10,000	0	4,600	714	122,807	
	(ii)	602,957	0	0	26,913	12,579	642,449	
ANDREW BOTSCHNER JD, DIRECTOR/CEO	(i)	254,769	2,500	0	920	825	259,014	
	(ii)	0	0	0	0	0	0	
ROBERT W WAKE MD, DIRECTOR	(i)	117,484	1,281	0	4,688	853	124,306	
	(ii)	249,094	0	1,200	27,116	0	277,410	
JOHN ZANELLA JR MD, DIRECTOR	(i)	304,213	61,290	0	11,061	4,134	380,698	
	(ii)	175,919	0	3,000	18,544	12,555	210,018	
SRIDHAR SHANKAR MD, DIRECTOR	(i)	452,100	5,176	0	14,677	2,402	474,355	
	(ii)	12,838	0	400	1,773	15,558	30,569	
CLAUDETTE SHEPHARD MD, DIRECTOR	(i)	99,061	1,599	0	3,998	15,760	120,418	
	(ii)	179,280	0	1,200	19,316	1,360	201,156	
JAMES CHRISTIAN FLEMING MD, ASSOC CMO	(i)	199,405	4,206	0	7,986	1,650	213,247	
	(ii)	232,578	0	1,600	25,223	12,579	271,980	
GINA ALEXANDER, CHIEF FINANCIAL OFFICER	(i)	157,364	0	0	16,374	2,500	176,238	
	(ii)	0	0	0	0	0	0	
ROBERT WALLACE, PHYSICIAN	(i)	390,788	91,217	0	0	0	482,005	
	(ii)	102,938	0	78,387	0	0	181,325	
WILLIAM HICKERSON, PHYSICIAN	(i)	500,000	61,829	0	0	0	561,829	
	(ii)	53,579	0	0	0	0	53,579	
KATHRYN SCHWARZENBERGER, PHYSICIAN	(i)	50,000	0	0	0	0	50,000	
	(ii)	361,654	0	15,225	0	0	376,879	
EDWARD CHAUM, PHYSICIAN	(i)	77,310	4,604	0	0	0	81,914	
	(ii)	201,894	0	114,572	0	0	316,466	
RAMASUBBAREDDY DHANIREDDY, PHYSICIAN	(i)	322,163	78,032	0	0	0	400,195	
	(ii)	71,793	0	74,741	0	0	146,534	

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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2014

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Name of the organization
UT MEDICAL GROUP INC

Employer identification number
62-1162462

Part I **Excess Benefit Transactions** (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only)
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II
Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
(1) DAVID M STERN MD		SEE BELOW		X	30,000			No		No	Yes	
(2) PYONGSOO D YOON MD		SEE BELOW		X	125,000			No		No	Yes	
Total		▶ $										

Part III **Grants or Assistance Benefiting Interested Persons.**
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV **Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No

Part V **Supplemental Information**

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
SCHEDULE L, PART II (C)	DAVID M STERN, MD WAS RECRUITED TO UT MEDICAL GROUP, INC AND THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER (UTHSC)IN 2011 TO BECOME THE NEW EXECUTIVE DEAN OF THE UTHSC COLLEGE OF MEDICINE AND CHAIRMAN OF THE BOARD OF UT MEDICAL GROUP INC AS PART OF HIS COMPENSATION PACKAGE AND WITH THE APPROVAL OF THE CHANCELLOR OF UTHSC AND THE EXECUTIVE LEADERSHIP OF UT MEDICAL GROUP INC , DR STERN RECEIVED A $30,000 RECRUITMENT INCENTIVE THAT IS TREATED AS A LOAN UNDER A SIGNED, FULLY EXECUTED MEMORANDUM OF OBLIGATION, WHICH CONTAINS CONDITIONS UNDER WHICH THE AMOUNT WILL BE FORGIVEN (AS A 3-YEAR RETENTION INCENTIVE) AND REPAYMENT TERMS IN THE EVENT THE CONDITIONS ARE NOT MET PYONGSOO D YOON, MD WAS RECRUITED TO UT MEDICAL GROUP INC AND THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER (UTHSC)IN 2011 TO BECOME THE SURGICAL DIRECTOR OF THE ADULT CARDIOVASCULAR INSTITUTE AS PART OF HIS COMPENSATION PACKAGE AND WITH THE APPROVAL OF THE CHANCELLOR OF UTHSC AND THE EXECUTIVE LEADERSHIP OF UT MEDICAL GROUP INC , DR YOON RECEIVED A $125,000 RECRUITMENT INCENTIVE THAT IS TREATED AS A LOAN UNDER A SIGNED FULLY EXECUTED MEMORANDUM OF OBLIGATION, WHICH CONTAINS CONDITIONS UNDER WHICH THE AMOUNT WILL BE FORGIVEN (AS A 4-YEAR RETENTION INCENTIVE) AND REPAYMENT TERMS IN THE EVENT THE CONDITIONS ARE NOT MET

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
UT MEDICAL GROUP INC

Employer identification number
62-1162462

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	ACCORDING TO ARTICLE II, SECTION 1 OF THE BYLAWS THOSE PHYSICIANS WHO ARE DULY LICENSED TO PRACTICE MEDICINE IN THE STATE OF TENNESSEE AND THOSE CLINICAL PSYCHOLOGISTS WHO ARE DULY LICENSED IN THE STATE OF TENNESSEE, WHO HAVE BEEN APPOINTED TO FACULTY OF THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER (UTHSC), COLLEGE OF MEDICINE, WHO ARE FULL TIME EMPLOYEES PURSUANT TO WRITTEN EMPLOYMENT AGREEMENTS WITH THE GROUP AND WHO HAVE OBTAINED AND MAINTAIN CREDENTIALED STATUS AS A PRACTITIONER OF THE GROUP IN ACCORDANCE WITH THE POLICIES OF THE BOARD OF DIRECTORS AND THE GROUP'S PROVIDER CREDENTIALING AND ENROLLMENT DEPARTMENT, SHALL BE MEMBERS OF THE GROUP

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	ACCORDING TO THE BYLAWS THE MEMBERS OF THE GROUP ANNUALLY SHALL ELECT THE MEMBER DIRECTORS WHO WILL SERVE ON THE BOARD OF DIRECTORS AT AN ELECTION HELD IN ACCORDANCE WITH SECTION 3 3 OF ARTICLE III OF THE BYLAWS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	ACCORDING TO THE BYLAWS THE MEMBERS SHALL ALSO HAVE THE RIGHT TO APPROVE OR DISAPPROVE THE DECISION OF THE BOARD OF DIRECTORS TO MERGE, LIQUIDATE, DISSOLVE OR TERMINATE THE GROUP, BY A VOTE OF TWO THIRDS (2/3) OF THE MEMBERS PRESENT OR REPRESENTED AT SUCH MEETING THE MEMBERS SHALL ALSO HAVE THE RIGHT TO VOTE UPON SUCH MATTERS AS MAY BE PRESENTED TO THEM FROM TIME TO TIME BY THE BOARD OF DIRECTORS OR UPON SUCH MATTERS AS MAY BE PRESENTED BY A MAJORITY OF THE MEMBERS PRESENT OR REPRESENTED AT ANY ANNUAL OR SPECIAL MEETING OF THE MEMBERS, PROVIDED, HOWEVER, THAT ANY SUCH MATTERS ARE NOT VESTED EXCLUSIVELY, DIRECTLY OR INDIRECTLY, WITH THE BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	UTMG'S BOARD OF DIRECTORS HAS DELEGATED THE 990 REVIEW PROCESS TO THE AUDIT AND COMPLIANCE COMMITTEE, WHICH IS A COMMITTEE OF THE BOARD THIS COMMITTEE REVIEWS UTMG'S 990 & 990-T AND APPROVES THE RETURNS BEFORE THEY ARE SIGNED BY THE CHIEF EXECUTIVE OFFICER AND SUBMITTED TO THE IRS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	ANNUALLY THE OFFICERS AND DIRECTORS OF UT MEDICAL GROUP, INC (UTMG) RECEIVE UTMG'S CONFLICT OF INTEREST POLICY AND A FORM TO COMPLETE AND SIGN ACKNOWLEDGING THAT THEY HAVE READ, UNDERSTAND, AND AGREE TO COMPLY WITH THE CONFLICT OF INTEREST POLICY IN THE EVENT A POTENTIAL CONFLICT OF INTEREST WITH ANY OFFICER OR DIRECTOR ARISES, THE PROCESS FOR DISCLOSING THE ACTUAL OR POSSIBLE CONFLICT, DETERMINING IF ONE EXISTS, AND ADDRESSING A CONFLICT IS INCLUDED IN THE CONFLICT OF INTEREST POLICY AND IS FOLLOWED

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	ACCORDING TO THE UT MEDICAL GROUP, INC (UTMG) BYLAWS, THE COMPENSATION COMMITTEE OF THE UTMG BOARD OF DIRECTORS IS RESPONSIBLE FOR "APPROVING THE COMPENSATION OF THE EXECUTIVE STAFF AND APPLICABLE DIRECTORS OF THE GROUP THE COMPENSATION COMMITTEE SHALL AT THE DIRECTION OF THE BOARD OF DIRECTORS REVIEW THE SYSTEM OF COMPENSATION OF THE GROUP'S MEMBERS AND OTHER PROFESSIONAL EMPLOYEES " THE COMPENSATION COMMITTEE IS COMPOSED OF THREE (3) VOTING MEMBERS, ALL OF WHOM ARE INDEPENDENT, OUTSIDE DIRECTORS, AND THREE (3) NONVOTING MEMBERS, INCLUDING THE CHAIRMAN OF THE BOARD AND TWO OTHER DIRECTORS DURING THE REPORTING PERIOD THE COMPENSATION COMMITTEE MET AS OFTEN AS NEEDED AND, UTILIZING COMPENSATION MARKET SURVEY DATA, REVIEWED AND APPROVED SALARIES OF THE CHIEF EXECUTIVE OFFICER, OTHER EXECUTIVE OFFICERS, AND KEY EMPLOYEES ACTIONS OF THE COMMITTEE WERE DOCUMENTED CONTEMPORANEOUSLY

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	FORMS 1023, 990, AND 990-T ARE MADE AVAILABLE UPON REQUEST PAPER COPIES OF THE SPECIFIC DOCUMENTS ARE FORWARDED TO THE REQUESTING INDIVIDUALS FORMS 990 AND 990-T ARE ALSO AVAILABLE ON GUIDESTAR ORG THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY AVAILABLE UPON REQUEST PAPER COPIES OF THE SPECIFIC DOCUMENTS ARE FORWARDED TO THE REQUESTING INDIVIDUALS THE ORGANIZATION MAKES ITS FINANCIAL STATEMENTS AVAILABLE TO THOSE ENTITIES WITH A BUSINESS NEED

Return Reference	Explanation
PART XII, LINE 2C	NO CHANGE FROM PRIOR YEAR

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990.
▶ Information about Schedule R (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
UT MEDICAL GROUP INC

Employer identification number
62-1162462

Part I **Identification of Disregarded Entities** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) UNIVERSITY PRACTICE MANAGEMENT 1407 UNION AVENUE SUITE 700 MEMPHIS, TN 38104 27-3733656	PROVIDE BILLING & ADMIN SERVICES TO OTHER ACADEMIC MEDICAL PRACTICES	TN	904,196		
(2) UTMG VASCULAR ACCESS PHYSICIANS LLC 1407 UNION AVENUE SUITE 700 MEMPHIS, TN 38104 46-0928187	VASCULAR ACCESS CENTER	TN			

Part II **Identification of Related Tax-Exempt Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
(1) UTHSC COLLEGE OF MEDICINE 910 MADISON MEMPHIS, TN 38163 62-6001636		TN	170(C)				No
(2) INTERVENTIONAL ASSOCIATES OF MEMPHIS PC 1407 UNION AVENUE SUITE 700 MEMPHIS, TN 381043641 20-1082435		TN	501 (C)(3)	LINE 1			No

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) UTMG NEPHROLOGY LLC 1407 UNION AVENUE MEMPHIS, TN 38104 27-1561248	RENAL DIALYSIS CENTER	TN		RELATED	-49,486	605,161		No			No	70 000 %
(2) UTMG DERMATOPATHOLOGY LLC 1407 UNION AVENUE MEMPHIS, TN 38104 46-1168283	DERMATOLOGICAL PATHOLOGY LABORATORY	TN		RELATED	1,094,675	804,573		No			No	67 330 %

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No

Part V **Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s		No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) UNIVERSITY OF TN	K		
(2) UNIVERSITY OF TN	P		
(3) UNIVERSITY OF TN - COLLEGE OF MEDICINE EDUCATION FUND SUPPORT	R		
(4) UNIVERSITY OF TN	Q		
(5) UTMG DERMATOPATHOLOGY LLC	D		

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII **Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Attachment

Proof of Publication

Publication of Notification of Intent to Apply for a Certificate of Need
The Commercial Appeal, Memphis, TN
April 3, 2017

SCOREBOARD

COLLEGE BASKETBALL

SOFTBALL

MLB

NHL

HOCKEY

BASEBALL

AUTO RACING

BETTING LINE

MLS

GOLF

Classified Legal Notices

Legals

Legal Notices

NOTICE OF FORECLOSURE SALE
STATE OF TENNESSEE, SHELBY COUNTY

WHEREAS, Clayton T. Chaney and Theresa W. Chaney executed a Deed of Trust to Mortgage Electronic Registration Systems, Inc., as nominee for Homecomings Financial Network, Inc., Lender and Atty. Arnold M. Weiss, Trustee(s), which was dated May 11, 2004 ...

Legal Notices

NOTICE OF FORECLOSURE SALE
STATE OF TENNESSEE, SHELBY COUNTY

WHEREAS, Jeffrey T. Knowles executed a Deed of Trust to Union Planters Bank, National Association, Lender and Emmett James House And Bill R. McLaughlin, Trustee(s), which was dated June 25, 1999 and recorded on July 14, 1999 in Instrument No. IN0494, Shelby County, Tennessee Register of Deeds.

WHEREAS, default having been made in the payment of the debt(s) and obligation(s) thereby secured by the said Deed of Trust and the current holder of said Deed of Trust, REGIONS BANK dba REGIONS MORTGAGE SUCCESSOR BY MERGER TO UNION PLANTERS BANK, N.A., (the "Holder"), appointed the undersigned, Brock & Scott, PLLC, as Substitute Trustee, by an instrument duly recorded in the Office of the Register of Deeds of Shelby County, Tennessee, with all the rights, powers and privileges of the original Trustee named in said Deed of Trust; and

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable as provided in said Deed of Trust by the Holder, and that as agent for the undersigned, Brock & Scott, PLLC, Substitute Trustee, by virtue of the power and authority vested in it, will on April 20, 2017, at 10:00AM at the usual and customary location at the Comfort Inn Downtown, 100 N. Front Street, Memphis, TN 38103, proceed to sell at public ...

Public Notice of Sale
Sale for Storage Charges

NOTICE OF FORECLOSURE SALE
STATE OF TENNESSEE, SHELBY COUNTY

WHEREAS, Tyronda Harris And Darrick D. Cole executed a Deed of Trust to Citifinancial, Inc., Lender and J. Tutton, Trustee(s), which was dated April 29, 2008 and recorded on May 1, 2008 in Instrument

Buy it. Sell it. Find it here!
The Commercial Appeal Localfieds

Legal Notices

Legal Notices

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that UCH Vascular Access ASC, LLC, a Delaware limited liability company, intends to file an application for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the second floor of an existing building at 6490 Mt. Moriah Road Extended, Memphis, TN, 38115, in existing Suite 202 of such building. The ASTC will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures. The ASTC will be owned and operated by UCH Vascular Access ASC, LLC and managed by Fresenius Vascular Care Memphis MSO, LLC. The ASTC will include one (1) operating room and one (1) procedure room. No beds or major medical equipment will be involved. The estimated project cost is $2,144,000.

The anticipated filing date of the application is on or before April 7, 2017. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@bradley.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

APR 7 '17 AM 10:5

Attachment

Letter of Intent

Filed with the Tennessee Health Services Development Agency
April 3, 2017

APR 3 '17 AM8:27

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before April 3, 2017, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that UCH Vascular Access ASC, LLC, a Delaware limited liability company, intends to file an application for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the second floor of an existing building at 6490 Mt. Moriah Road Extended, Memphis, TN, 38115, in existing Suite 202 of such building. The ASTC will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures. The ASTC will be owned and operated by UCH Vascular Access ASC, LLC and managed by Fresenius Vascular Care Memphis MSO, LLC. The ASTC will include one (1) operating room and one (1) procedure room. No beds or major medical equipment will be involved. The estimated project cost is $2,144,000.

The anticipated filing date of the application is on or before April 7, 2017. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@bradley.com.

(Signature)	April 3, 2017 (Date)	mbrent@bradley.com (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

June 1, 2017

Michael Brent, Esq.
Bradley Arant Boult Cummings
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application -- UCH Vascular Access ASC, LLC, - CN1704-013
The establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the 2nd floor of an existing building located at 6490 Mt. Moriah Road Extended, Memphis (Shelby County), TN 38115. The ASTC will include one operating room and one procedure room and will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures. The estimated project cost is $2,144,000.

Dear Mr. Brent:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on June 1, 2017. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on August 23, 2017.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill
Executive Director

DATE: June 1, 2017

RE: Certificate of Need Application
UCH Vascular Access ASC, LLC, - CN1704-013

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on June 1, 2017 and end on August 1, 2017.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Michael Brent, Esq.

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

APR 3 '17 AM8:26

LETTER OF INTENT

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before April 3, 2017, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.,* and the Rules of the Health Services and Development Agency, that UCH Vascular Access ASC, LLC, a Delaware limited liability company, intends to file an application for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the second floor of an existing building at 6490 Mt. Moriah Road Extended, Memphis, TN, 38115, in existing Suite 202 of such building. The ASTC will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures. The ASTC will be owned and operated by UCH Vascular Access ASC, LLC and managed by Fresenius Vascular Care Memphis MSO, LLC. The ASTC will include one (1) operating room and one (1) procedure room. No beds or major medical equipment will be involved. The estimated project cost is $2,144,000.

The anticipated filing date of the application is on or before April 7, 2017. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@bradley.com.

(Signature)	April 3, 2017 (Date)	mbrent@bradley.com (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1

UCH Vascular Access ASC

CN1704-013

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

April 21, 2017

Michael D. Brent
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Lebanon, TN 37087

RE: Certificate of Need Application CN1704-013
UCH Vascular Access ASC

Dear Mr. Brent:

This will acknowledge our April 7, 2017 receipt of your application for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the 2nd floor of an existing building located at 6490 Mt. Moriah Road Extended, Memphis (Shelby County), TN 38115. The ASTC will be owned and operated by UCH Vascular Access ASC, LLC and managed by Fresenius Vascular Care Memphis MSO, LLC. The ASTC will include one operating room and one procedure room and will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by noon, Wednesday, April 26, 2017. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Section A., Applicant Profile, Item 2**

   The contact information for response to application questions is noted. However, it appears Suite #700 is omitted in the contact person's address. Please revise and submit a replacement page 1 (R-1).

RESPONSE: Please see attached replacement page 1, **Attachment R-1**.

2. **Section A. Executive Summary A. Overview**

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

What is the distance from the proposed ASTC and Fresenius Kidney Care Mt. Moriah?

RESPONSE: The distance is literally just yards apart, as Fresenius Kidney Care Mt. Moriah and the proposed ASTC will be in the same building at 6490 Mt. Moriah Road Extended. For Fresenius Kidney Care, a patient enters the front door of the first floor of the building and proceeds straight ahead to the dialysis center (Suite 102). For the proposed ASTC, a patient will enter the front door, turn left for the elevator, take the elevator to the second floor, then exit the elevator to the left for the ASTC entrance (Suite 202).

What type of services currently provided in the applicant's office based outpatient vascular access center (VAC) would be different than those provided in the proposed ASTC?

RESPONSE: The majority of the services provided by the Applicant will be the same as those provided by the existing physician office based VAC. The notable exception is that the Applicant hopes to provide vascular access (fistula) creation services in the ASTC, which will enable more efficient care for ESRD patients over time. Please see the second-to-last paragraph on page 2 of the Application for discussion of the evolution from a physician's office environment to an ASTC environment for these types of services.

Please discuss the applicant's experience in operating an ASTC.

RESPONSE: The Applicant itself has no experience in operating an ASTC. However, the Applicant's management company, Fresenius Vascular Care Memphis MSO, LLC, has significant experience and a proven track record in providing high-quality vascular access and hemodialysis-related services. Please see the Applicant's response to Supplement Question 5, below, for more details.

Please explain how procedures performed in the OR will differ from procedures performed in the PR.

RESPONSE: The procedures to be performed in the OR will, in general, be more regulated than those performed in the PR. In particular, the surgical creation of vascular accesses at the site typically requires an OR to perform.

3. **Section A. Executive Summary B. Rationale for Approval**

What are the specific change being initiated by Medicare that makes physician office based services no longer a sustainable model? In your response, please include when the proposed Medicare changes will be effective.

RESPONSE: The Centers for Medicare and Medicaid (CMS) published its Final Rule containing the 2017 Medicare Physician Fee Schedule in November 2016. Pursuant to the Final

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

Rule, effective January 1, 2017, several vascular access and hemodialysis-related services that were formerly reimbursed on a fee-for-service basis will be bundled together, and providers will be required to bill for those services under new CPT codes that dramatically reduce provider reimbursement. For example, under the 2016 fee-for-service reimbursement framework, a provider would receive $2,567 for a thrombectomy. Under the 2017 bundled payment system, a provider offering the same procedure in a physician office based VAC can only expect $1,800, a one-year decrease of 16%. However, if the provider performs the same thrombectomy on a patient in an ASTC in 2017, then the reimbursement offered by Medicare is approximately $3,119—73% more than the 2017 VAC rate.

4. **Section A, Project Details, Item 4.A. Owner of the Facility**

   It is noted UCH Vascular Access ASC, LLC is classified as a non-profit LLC. Please discuss the advantages of being a non-profit LLC rather than being a for - profit LLC as it relates to the proposed project.

RESPONSE: To clarify, UCH Vascular Access ASC, LLC was noted as being a nonprofit LLC as a factual matter, not to indicate that such designation provides any specific advantages for this project over those of a for-profit LLC operating a similar project. Since the Applicant's parent corporation is a nonprofit entity with a Section 501(c)(3) designation from the IRS, the Applicant is able to receive the general benefits of such a Section 501(c)(3) designation by being a wholly-owned nonprofit LLC subsidiary. However, as a nonprofit entity, the Applicant will receive certain general benefits available to all similarly situated 501(c)(3) organizations, many of which are related to tax savings at both the federal and state levels.

5. **Section A, Project Details, Item 5 Management/Operating Entity**

   Please provide an ownership structure organizational chart of Fresenius Vascular Care Memphis MSO.

RESPONSE: Please see **Attachment 5** for an organizational chart of Fresenius Vascular Care Memphis MSO, LLC.

   Please discuss Fresenius Vascular Care Memphis MSO, LLC's experience in managing an ASTC. If applicable, please provide a list of locations.

RESPONSE: Fresenius Vascular Care Memphis MSO, LLC has not yet managed an ASTC, but it has successfully managed the existing office based VAC for many years, making it uniquely qualified to serve the established patient population the Applicant will reach with the proposed project. Fresenius Vascular Care, Inc., which owns 51% of Fresenius Vascular Care Memphis MSO, LLC, has extensive experience providing vascular access and hemodialysis-related care to patients across the country. Two Fresenius Vascular Care, Inc. sites have been successfully surveyed as part of the process of becoming licensed ambulatory surgical centers thus far: one in Pennsylvania, and one in Missouri. Additionally, on May 2, 2017, the state of Illinois approved the CON application for Chicago Vascular Access Center, which will be

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

managed by Fresenius Vascular Care, Inc. On May 1, 2017, the state of Georgia allowed 3 vascular access centers in Atlanta, Augusta, and Snapfinger—all managed by Fresenius Vascular Care, Inc.—to convert to ambulatory surgical center status without going through the Georgia certificate of need process. Please see the first full paragraph on page 3 of the Application for more information about Fresenius's established record in this area of medicine.

> It is noted in 2011 The United States was awarded $82,642,592 plus costs in a "whistle-blower" case involving Renal Care Group (RCG), Renal Care Group Supply Company (RCGSC), and Fresenius Medical Care Holdings, Inc. (FMC) surrounding billing the Medicare program for home dialysis supplies and equipment from 1999 to 2005. The case was filed in St. Louis in 2005 and was subsequently transferred to the Middle District of Tennessee. Please clarify if any party to the lease, management entity, or applicant is associated with Renal Care Group (RCG), Renal Care Group Supply Company (RCGSC), or Fresenius Medical Care Holdings, Inc. (FMC). If so, please discuss.

RESPONSE: Please note that the above reference to a 2011 judgment against RCG, RCGSG, and FMC is not accurate. While the district court in that case awarded damages to the United States, on July 25, 2012, the United States Circuit Court of Appeals for the Sixth Circuit reversed the district court's decision and granted summary judgment to RCG, RCSG and FMC in *U.S. ex rel. Williams v. Renal Care Group, Inc. et al.* Also, the correct name of the entity referred to above as Renal Care Group Supply Group (RCGSC) is R.C.G. Supply Company.

Fresenius Medical Care Holdings, Inc. (FMC) is the parent entity of Fresenius Vascular Care, Inc. (FVC) and Renal Care Group, Inc. (RCG).

Fresenius Vascular Care, Inc. (FVC)—the 51% owner in Fresenius Vascular Care Memphis MSO, LLC—is wholly owned by U.S. Vascular Access Holdings, LLC, which is in turn wholly owned by National Medical Care, Inc., which is wholly owned by Fresenius Medical Care Holdings, Inc.

Renal Care Group Supply Company (RCGSC) is wholly owned by RCG University Division, Inc., which is in turn wholly owned by Renal Care Group, Inc. (RCG), which is wholly owned by Fresenius Medical Care Holdings, Inc.

While FVC and RCG are owned by the same parent company, these subsidiary entities are separate business divisions within FMC. Neither FVC nor Fresenius Vascular Care Memphis MSO, LLC have any material involvement in the business of RCG or its subsidiary entities and there is no relevant operational overlap between FVC and RCG or among any of their subsidiary entities.

6. Section A, Project Details, Item 6.A. Type of Ownership of Control

> It is noted in the amended lease agreement that UT Medical Group, Inc. assigned the original lease to Fresenius Vascular Care Memphis MSO, LLC. It is also

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

noted the applicant has access to the premises of the proposed project site through Section 3.5 of the management agreement. However, please explain how the applicant has actual control of the site.

RESPONSE: Pursuant to Section 3 of the Management Services Agreement, Fresenius Vascular Care Memphis MSO, LLC is responsible for the non-clinical operations at the site, which includes the responsibility to lease the premises. However, Section 2.2 of the Management Services Agreement limits Fresenius Vascular Care Memphis MSO, LLC's powers. Section 2.2 also explicitly provides that UT Medical Group, Inc. (and therefore the Applicant's medical practitioners) "shall have complete authority, responsibility, supervision and control, in its sole discretion, over all diagnoses, treatments, procedures, and other health care services provided at the Access Center."

The amendment to the lease agreement is noted. However, please clarify the establishment of a joint venture transaction involving Assignor (UT Medical Group Inc. and Fresenius Vascular Care, Inc. and how it relates to this project.

RESPONSE: The existing physician office based VAC currently operates as a joint venture between UT Medical Group, Inc. and Fresenius Vascular Care, Inc. Under the proposed project, the operations at the site will be transferred to The Applicant, which is wholly owned by UT Medical Group, Inc., and is not a joint venture entity.

Please clarify if there is a sublease between UT Medical Group, Inc. and Fresenius Vascular Care Memphis MSO, LLC.

RESPONSE: No, there is no sublease between UT Medical Group, Inc. and Fresenius Vascular Care Memphis MSO, LLC. Pursuant to the Assignment, Assumption, and Amendment of Lease Agreement dated November 1, 2012, UT Medical Group, Inc. assigned its interest under the lease to Fresenius Vascular Care Memphis MSO, LLC, which accepted assignment thereof in the same instrument. Thus, Fresenius Vascular Care Memphis MSO, LLC has assumed UT Medical Group, Inc.'s role as lessee under the lease agreement.

What is the relationship between Fresenius Vascular Care, Inc. and Fresenius Vascular Care Memphis MSO, LLC?

RESPONSE: Fresenius Vascular Care, Inc. owns 51% of Fresenius Vascular Care Memphis MSO, LLC. Please see **Attachment 5** for an organizational chart depicting Fresenius Vascular Care Memphis MSO, LLC's ownership.

7. **Section A, Project Details, Item 9 Medicaid/TennCare Participation**

Please indicate which TennCare MCOs the applicant is currently contracted with.

RESPONSE: The Applicant is not yet directly contracted with any TennCare MCO. However, the Applicant intends to contract with all the same MCOs as its sole owner, UT Medical Group,

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

Inc., which has contracts with all four of the Medicaid/TennCare MCOs: AmeriGroup, United Healthcare Community Plan, BlueCare, and TennCare Select.

8. **Section A, Project Details, Item 11, Square Footage and Cost Per Square Footage Chart**

   The applicant indicates 7,246 square feet will be renovated at a cost of $75,000. Please provide an overview of the 7,246 SF renovation.

RESPONSE: Approximately two-thirds of the $75,000 estimated for renovation costs relate to an upgrade of the HVAC system in the leased space. The balance of the renovation costs are related primarily to cosmetic and related items.

Please clarify if the management company (lease holder) is responsible for the renovation project cost.

RESPONSE: Yes. Pursuant to Section 3.1 of the Management Services Agreement, the Applicant's management company, Fresenius Vascular Care Memphis MSO, LLC, is responsible for any expansions or renovations to the site.

9. **Section B, Need Item 1(Specific Criteria –ASTC) Item A.1.**

   Please address the question using the minimum numbers of 884 cases per operating room and 1,867 cases per procedure room as prescribed and submit a thorough response.

RESPONSE: The existing physician office based VAC currently conducts procedures in two treatment rooms; it does not have an operating room or a procedure room as defined by the HSDA. However, in 2016, the existing center's physician and staff performed a total of 3,506 procedures, or 1,753 procedures per treatment room. Accordingly, the Applicant anticipates that it will readily meet the minimum thresholds of 884 cases per operating room and 1,867 cases per procedure room upon completion of the proposed project.

10. **Section B, Need Item 1(Specific Criteria –ASTC) Item 2.**

    Please complete the following table for Year 1 of the proposed project.

RESPONSE: Please see below.

Operating Rooms	Procedures/ Cases	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	2181	34 minutes	15 minutes	120,000	89.1%
Procedure Room #1	1409	36 minutes	15 minutes	120,000	56.4%
Total Surgical Suite	**3,590**	--	--	**240,000**	**72.8%**

SUPPLEMENTAL #1
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* defined as the summation of the minutes by each room available for scheduled cases Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

11. Section B, Need Item 1(Specific Criteria –ASTC) Items 4 and 5

It is noted the applicant has identified 6 competitor ASTCs in the proposed service area. Please indicate if those existing ambulatory surgical providers are currently utilized at 70% or above for the most recent JAR reporting year. If specific data is not available, please indicate the overall utilization of the competitor ASTCs.

RESPONSE: Please see below for the most recent JAR data available regarding the identified centers. Of note, several of the Applicant's identified competitors in the area are physician office based VACs, so there is no JAR reporting data available for those centers.

Competitor ASTCs in Service Area				
Name	**Location**	**JAR available?**	**Utilization 70%?**	**Single- or multi-specialty?**
Vascular Access Center of Memphis	Memphis, Tennessee	N/A	N/A	N/A
Interventional Nephrology Specialists Access Center	Memphis, Tennessee	N/A	N/A	N/A
Memphis Vascular Center	Germantown, Tennessee	N/A	N/A	N/A
Memphis Surgery Center	Memphis, Tennessee	Yes, 2016	No	Multi-specialty
East Memphis Surgery Center	Memphis, Tennessee	Yes, 2016	No	Multi-specialty
Desoto Surgery Center	Southaven, Mississippi	N/A	N/A	N/A

12. Section B, Need Item 1(Specific Criteria –ASTC) Item 6

What is the applicant's distance to DeSoto, Marshall, and Tunica Counties?

RESPONSE: The Applicant is located within 50 miles and 60 minutes' driving time of each of these Mississippi counties. The Applicant is located 18.7 straight-line miles from the courthouse in the center of DeSoto County. Door-to-door, the estimated driving distance between the proposed site and the courthouse is 30.6 miles, with an estimated driving time of 36 minutes. The Applicant is located 31.17 straight-line miles from the courthouse in the center of Marshall County. Door-to-door, the estimated driving distance between the proposed site and the courthouse is 36.8 miles, with an estimated driving time of 49 minutes. The Applicant is located 39.91 straight-line miles from the courthouse in the center of Tunica County. Door-to-door, the estimated driving distance between the proposed site and the courthouse is 47.2 miles, with an estimated driving time of 55 minutes. Please see **Attachment 12** for straight-line and driving maps of the Applicant's distance from each county.

13. Section B, Need Item 1(Specific Criteria –ASTC) Item 9

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It is noted the applicant projected utilization for the first two years after completion of the project. However, please provide a table as requested in the application that projects patient utilization for each of the first eight quarters following completion of the proposed project.

RESPONSE: Please see below for the completed table. As the existing center currently performs the majority of procedures that will be available at the beginning of the proposed project, the Applicant anticipates that it will reach Optimum Utilization in its first quarter. Please see Section B, Need Item 1 (Specific Criteria – ASTC) Item 9 for detailed calculations regarding the Applicant's utilization in the first two years of the proposed project.

Applicant Facility Utilization by Quarter								
Quarter	**Q1**	**Q2**	**Q3**	**Q4**	**Q5**	**Q6**	**Q7**	**Q8**
Operating Room Cases (Actual)	546	546	546	546	562	562	562	562
Operating Room Cases (100% Utilization)	613	613	613	613	613	613	613	613
Operating Room Utilization	89.1%	89.1%	89.1%	89.1%	91.7%	91.7%	91.7%	91.7%
Procedure Room Cases (Actual)	353	353	353	353	364	364	364	364
Procedure Room Cases (100% Utilization)	625	625	625	625	625	625	625	625
Procedure Room Utilization	56.5%	56.5%	56.5%	56.5%	58.2%	58.2%	58.2%	58.2%
Total Facility Utilization	**72.8%**	**72.8%**	**72.8%**	**72.8%**	**75.0%**	**75.0%**	**75.0%**	**75.0%**

14. Section B, Need Item 1(Specific Criteria –ASTC) Item 10

Please clarify if the applicant plans to contract with a third-party anesthesia services provider. Has this provider been identified? If so, please identify. Please discuss if the third party will bill patients separately and if the provider's network participation will mirror that of the proposed ASTC.

RESPONSE: Neither the existing center nor the Applicant has contracted with a third-party anesthesia services provider at this time. While it is possible that the Applicant will revisit this decision in the future, in that case the Applicant would seek a third-party contractor that already participates in the same networks as the Applicant.

15. Section B, Need Item 1(Specific Criteria –ASTC) Item 10 b.

What does BLS/ ACLS certified stand for?

RESPONSE: "BLS/ACLS certified" means the relevant practitioner (here, registered nurses) is certified in basic life support (BLS) and advanced cardiac life support (ACLS) services.

16. Section B, Need Item C

The utilization table on page 25 is noted. Please explain how volume in office in 2016 will almost triple in volume for the proposed ASTC in Year One and Year Two.

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RESPONSE: The first utilization table was calculated incorrectly. The Applicant inadvertently transposed the number of patients from each county served by the existing center in 2016 with the number procedures performed in 2016. A corrected version of both tables appears in the attached replacement page 25, **Attachment R-25**.

Projected utilization provided on pages 25, 29 and 30 all appear to differ. Please explain.

RESPONSE: While presented in different contexts, each page presents consistent projected utilization data.

On page 25 (and the attached replacement page R-25), the Applicant presents its anticipated total number of procedures to be performed in Year 1 and 2: 3,590 and 3,698, respectively.

On page 29, this same anticipated total number of procedures is divided by designated room: OR or PR. Thus, the 3,590 total procedures anticipated for Year 1 are broken into 2,181 (OR) and 1,409 (PR). Similarly, the 3,698 total procedures anticipated for Year 2 are broken into 2,245 (OR) and 1,453 (PR).

On page 30, the Applicant presents its calculations for the number of procedures that would constitute 100% utilization, not the Applicant's anticipated actual utilization. Thus, based on the number of days per year, hours per day, average case time, and average turn-around time, the Applicant calculated that an ideal 100% utilization rate for an OR would be 2,449 and for a PR would be 2,500.

If the basis for selecting a service area county was based on 2% patient origin or greater, please explain why St. Francis County in Arkansas was not included.

RESPONSE: As the proposed site is located close to the Tennessee-Mississippi state line and the existing physician office based VAC sees patients that hail from several surrounding states, the Applicant chose to limit the service area for this proposal to the two states forming the largest portions of the Applicant's anticipated patient population, Tennessee and Mississippi.

17. Section B, Need Item D.2

It is noted the applicant estimates there are more than 23,500 PAD patients and more than 7,500 UFE patients in Shelby County. Please indicate the basis of this assumption.

RESPONSE: The Applicant based these estimates on the national prevalence rates for PAD and UFE, as well as the overall population of Shelby County. Please see the Applicant's discussion of PAD and UFE prevalence rates on page 27 of the Application for more details.

18. Section B, Need Item E

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Please provide utilization for each of the most recent three years of data available using the following table for the following comparable existing ASTCs: Vascular Access Center of Memphis, Interventional Nephrology Specialists Access Center; Memphis Vascular Center; Memphis Surgery Center; East Memphis Surgery Center; and Desoto Surgery Center.

RESPONSE: Please note that, as mentioned in the Applicant's response above to Question 11, the majority of these competitors are office based physician VACs, and therefore they do not have JAR reporting data. The two multi-specialty ASTCs with JAR reporting data are addressed below.

4 County Service Area ASTC Patient Utilization 2013-2015

County	Multi-specialty ASTCs	2013			2014			2015			
		Oper. Rms	Proc. Rms	Cases	Oper. Rms	Proc. Rms	Cases	Oper. Rms	OR Cases	Proc. Rms	PR Cases
Shelby	East Memphis Surgery Center	6	3	5462	6	3	5269	6	4190	3	1151
Shelby	Memphis Surgery Center	4	1	3049	4	1	2861	4	2652	1	0
Grand Total		**10**	**4**	**8511**	**10**	**4**	**8130**	**10**	**6842**	**4**	**1151**

19. Section B, Economic Feasibility, Item A.1 Project Costs Chart

The $100,000 contingency fund is noted. However, please clarify the reason it is higher than the $75,000 construction costs.

RESPONSE: The Applicant believes that a $100,000 contingency fund is appropriate even with low renovation cost estimates due to the possibility of other enhancements being deemed necessary when the renovation work commences, especially regarding the HVAC component of the renovations.

20. Section B, Economic Feasibility, Item B Project Funding

The applicant has provided a 2014 Form 990 Return of Organization Exempt from Income Tax. However, this financial document is 3 years old and does not indicate current the applicant's current assets and liabilities that measure the applicant's ability to fund the proposed project with cash reserves. Please provide a letter from a financial institution or certified public accountant that verifies the applicant has cash reserves to fund the capital costs of the proposed project.

RESPONSE: The 2014 Form 990 Return for the fiscal year ended June 30, 2015, was the latest available when the Application was filed. As to the Applicant's current assets and liabilities, and its ability to fund the proposed project with cash reserves, please see the letter from First Tennessee, which manages the established banking account of UT Medical Group, Inc., the parent entity of the Applicant, attached as **Attachment 20**, confirming that the Applicant has

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sufficient cash reserves to fund the capital costs of the proposed project. Please note that Attachment 20 also contains a similar letter from SunTrust Bank regarding University Clinical Health's account, as well as UTMG's 12-month financial history for reference.

21. Section B. Economic Feasibility Item D (Projected Data Chart)

Please clarify the reason there are no deductions from Gross Operating Revenue.

RESPONSE: The approach the Applicant and its affiliates use to maintain their financial records incorporates the relevant deductions into Gross Operating Revenue, so there are no separate deductions to show on the Projected Data Chart.

It appears the applicant will not provide indigent care. Where will charity care patients be referred for services?

RESPONSE: In keeping with Fresenius Medical Care's Indigent Waiver Program, the Applicant will supply services to eligible patients who are unable to obtain insurance coverage or who lack the financial resources to pay for medical services. Under this program, patients applying for waiver of some or all of their out-of-pocket costs must meet eligibility criteria based on annual income and net worth (assets).

The total operating expenses for Year One and Year Two and total non-operating expenses for Year One appear incorrect. In addition, Net Balance and Depreciation total also appear incorrect. Please correct and submit a revised Projected Data Chart.

RESPONSE: Please see the revised Projected Data Chart attached as replacement pages 37 and 38, **Attachment R-37-38**.

Please complete the Projected Data Chart other Expenses section (page 38) for line D.6 of the Projected Data Chart.

RESPONSE: Please see the revised Projected Data Chart other expenses section attached as **Attachment R-37-38**.

22. Section B. Economic Feasibility Item E .2 and E.3

Please provide responses to questions E.2 and E.3. on page 39.

E(2): Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: One of the catalysts for the proposed project is the change in Medicare payment for vascular access and hemodialysis-related services from a standard fee-for-service model to a

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bundled-payment approach. Please see the Applicant's response to Question 3, above, for discussion of this shift. Accordingly, the Applicant does not have an apples-to-apples comparison of its anticipated charges before and after implementation of the proposed project. The Applicant expects that once it is operational as an ASTC, it will be able to provide even more efficient, coordinated care to its patients since they will be able to obtain vascular access creation and maintenance services along with other hemodialysis-related procedures in one easily-accessible location rather than having to navigate the more complex hospital environment to obtain them.

E(3): Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: The Applicant has no knowledge regarding the charges of similar facilities in the area, and no similar projects have been recently approved by the HSDA. Please see the Applicant's response to Question 3, above, and the Applicant's response to the question immediately below for more information regarding 2017 Medicare reimbursement for certain services to be provided by the Applicant.

Please complete the following table for the top 3 CPT Codes that will be billed by the applicant in Year One (2018) to Medicare:

RESPONSE: Please see below.

CPT Code	Description	2017 Medicare Physician Office Based VAC Reimbursement	2017 ASTC Medicare Reimbursement	2017 Hospital Outpatient Reimbursement
36902	Angioplasty peripheral dialysis segment with fistulagram	$ 1294.90	$ 3,036.61	$ 4,825.20
36901	Fistulagram, introduction of needle(s) dialysis circuit	$ 543.17	$ 474.68	$ 684.13
36589	Remove tunneled central venous catheter (CVC)	$ 145.71	$ 467.01	$ 684.13

23. Section B. Economic Feasibility Item F.1 Financials

Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved.

RESPONSE: The letter from the bank for UTMG, the parent entity of the Applicant, attached as **Attachment 20**, confirms that the Applicant has sufficient cash flow to cover the requirements of the proposed project.

24. Section B. Economic Feasibility Item F.2 Net Operating Margin Ratio

If a revised Projected Data Chart is submitted, please revise the Net Operating Margin Ratios for Year One and Year.

RESPONSE: A revised Projected Data Chart is attached, and the revised Net Operating Margin Ratio for Year One is 33%, and for Year Two is 32%.

25. Section B. Economic Feasibility Item F.3 Capitalization Ratio

The capitalization ratio of 1% is noted. However, the calculation appears to be incorrect. Please correct.

RESPONSE: The capitalization ratio is computed using long-term debt shown on Line 23 of the most recent Form 990 Balance Sheet ($209,531), which is then divided by the sum of long-term debt shown on Line 23 of the most recent Form 990 Balance Sheet ($209,531) PLUS Total Equity shown on Line 33 of the most recent Form 990 Balance Sheet ($23,791,514), or $24,001,045, which is then multiplied by 100, for a capitalization ratio of 87%.

26. Section B. Economic Feasibility Item G Payor Mix

The Payor Mix table on page 40 is noted. However, the table does not match the Projected Data Chart totals. Please revise and submit a replacement page 40 labeled R-40.

RESPONSE: Please see replacement page 40, **Attachment R-40**.

27. Section B, Orderly Development. Item A.

The applicant's proposed payor mix in Year One of 28% commercial/managed care is noted. Please list managed care organizations that the applicant is contracted with.

RESPONSE: The Applicant is not yet directly contracted with any commercial/managed care plans. However, the Applicant intends to contract with all the same commercial/managed care organizations as its sole owner, UT Medical Group, Inc. Please see **Attachment 27** for a complete list of UT Medical Group, Inc.'s payors.

The applicant notes there are no agreements in place at this time. What type of agreements is the applicant referring? If transfer agreements, when does the applicant plan to develop those agreements.

RESPONSE: The Applicant does not hold any transfer agreements. The Applicant's parent entity, UT Medical Group, Inc., is a physician group at the hospital. The physicians providing services at the existing physician office based VAC have admitting privileges at the hospital, so

the Applicant does not anticipate needing a distinct transfer agreement. However, the Applicant remains open to entering such an agreement should it be necessary.

28. Section B, Orderly Development. Item B.

The applicant notes the proposed project will benefit patients who will receive care in an ambulatory surgical treatment center rather than a physician office based outpatient center. If so, what are the benefits and how will the patient know the difference?

RESPONSE: The existing physician office based VAC is part of the Fresenius family of clinics, and as such, has been offering patients high-quality care for many years now. Thus, the most obvious change the Applicant's patients will likely notice is the ability to obtain vascular access creation services at the site. However, they will benefit in several less obvious ways, as well. Medicare changes in payment for vascular access and other dialysis-related procedures will drive these services out of physician offices and toward hospitals and ASTCs, where reimbursement will remain higher. Renal-care focused ASTCs like the Applicant's proposed project offer more accessible services for ESRD patients than many hospitals. This is particularly true of the Applicant's site, which is located just one floor above Fresenius Kidney Care Mt. Moriah in the same building. Moreover, the hospital environment is unsuited to the typical vascular access patient's needs: in addition to the additional time and effort required to navigate hospital bureaucracy, many vascular access patients do not present as "urgent" cases, leading to long wait times for necessary care. The Applicant's proposed ASTC will provide its patients—and the health care system—a lower cost, more appropriate environment for these services.

29. Section B, Orderly Development. Item B. Item E. 2 h. Corporate Integrity Agreement

It is noted on March 17, 2017 UTMG received from the U.S. Department of Justice a civil investigative demand (CID) under the False Claims Act, and the company is in the process of responding. Please indicate if there is anything the Agency needs to know regarding this CID at this time.

RESPONSE: This matter is still very preliminary and the company is in the process of reviewing documentation in order to respond to questions from the Department of Justice.

30. Proof of Publication

Please attach a full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

RESPONSE: Please see **Attachment 30** for a signed and notarized publication affidavit.

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In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is June 21, 2017. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. ɜ 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart
HSD Examiner
Enc.

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Attachment: Replacement Pages

Replacement Pages R-1, R-25, R-37-38, R-40

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

UCH Vascular Access ASC
Name

6490 Mt. Moriah Road Extended, Suite 202
Street or Route

Shelby
County

Memphis
City

TN
State

38115
Zip Code

Website address: https://www.freseniusvascularcare.com/center-tn-university-vascular-access-care.php

*Note: The Facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Michael D. Brent
Name

Partner
Title

Bradley Arant Boult Cummings LLP
Company Name

mbrent@bradley.com
Email address

1600 Division Street, Suite 700
Street or Route

Nashville
City

TN
State

37203
Zip Code

Legal Counsel
Association with Owner

(615) 252-2361
Phone Number

(615) 252-6361
Fax Number

NOTE: ***Section A*** is intended to give the applicant an opportunity to describe the project. ***Section B*** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on **8/A" *X 11" white paper, clearly typed and spaced, single or double sided, in order and sequentially numbered. In answering, please type the question and the response.*** All questions must be answered. If an item does not apply, please indicate *"N/A" (not applicable).* ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.***

Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization by County, 2016	% of total procedures
Shelby (TN)	2,625	74.90%
DeSoto (MS)	284	8.10%
Marshall (MS)	74	2.10%
Tunica (MS)	120	3.40%
Other (multiple)	403	11.50%
Total	**3,506**	**100%**

Based on data from existing center in 2016.

Service Area Counties	Projected Utilization-County Residents		% of total procedures
	Year 1	Year 2	
Shelby (TN)	2,689	2770	74.90%
DeSoto (MS)	291	299	8.10%
Marshall (MS)	75	78	2.10%
Tunica (MS)	122	126	3.40%
Other (multiple)	413	425	11.50%
Total	**3590**	**3698**	**100%**

Based on 2016 percentage of procedures by county of patient origin and projected total number of procedures in Years 1 and 2.

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	3,590	3,698
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	$8,817,040	$9,082,288
3. Emergency Services		
4. Other Operating Revenue (Specify)	$44,612	$44,612
Gross Operating Revenue	$8,861,652	$9,126,900
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care	$	$
3. Provisions for Bad Debt	$	$
Total Deductions $	$	$
NET OPERATING REVENUE	$8,861,652	$9,126,900
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	$1,303,823	$1,383,226
b. Non-Patient Care	$	$
Physician's Salaries and Wages	821,699	871,740
3. Supplies	2,319,140	2,388,908
4. Rent	$	$
a. Paid to Affiliates	195,218	203,084
b. Paid to Non-Affiliates	$	$
5. Management Fees:		
a. Paid to Affiliates	$	$
b. Paid to Non-Affiliates	557,822	580,303
6. Other Operating Expenses	$ 749,443	$ 784,028
Total Operating Expenses	**$5,947,143**	**$6,211,289**
E. **Earnings Before Interest, Taxes and Depreciation**	**$2,914,509**	**$2,915,611**
F. Non-Operating Expenses	$	$
1. Taxes	$	$
2. Depreciation	$ 85,333	$85,333
3. Interest	$ 1,704	$1,808
4. Other Non-Operating Expenses	$	$
Total Non-Operating Expenses	**$87,037**	**$87,141**
NET INCOME (LOSS)	**$2,827,473**	**$2,828,470**

Chart Continues Onto Next Page

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NET INCOME (LOSS)	$2,827,473	$2,828,470
G. Other Deductions		
1.Annual Principal Debt Repayment	$_____	$_____
2.Annual Capital Expenditure	$_____	$_____
Total Other Deductions	$_____	$_____
NET BALANCE	$2,827,473	$2,828,470
DEPRECIATION	$85,333	$85,333
FREE CASH FLOW (Net Balance + Depreciation)	$2,912,806	$2,913,803

☐ Total Facility
☐ Project Only

PROJECTED DATA CHART OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 1	Year 2	Year____
1. Professional Services	$ 5,573	$ 5,797	$_____
2. Communications	$ 167,259	$ 174,000	$_____
3. Patient Services	$ 146,032	$ 151,917	$_____
4. Insurance & Benefits	$ 212,837	$ 225,798	$_____
5. Medical Services	$ 6,135	$ 6,382	$_____
6. Equipment	$ 99,105	$ 103,099	$_____
7. Administrative	$ 39,009	$ 40,581	$_____
8. Marketing	$ 57,292	$ 59,601	$_____
9. Miscellanea	$ 16,201	$ 16,853	$_____
Total Other Expenses	**$ 749,443**	**$ 784,028**	**$_____**

capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: *Please see* **Attachment B - Economic Feasibility - B** for related financial data, presented in the format of the latest Form 990 filed by the parent entity of the Applicant, UTMG, with the Internal Revenue Service. Based on the attached IRS Form 990 available, the capitalization ratio of the Applicant's parent is less than 1% (see page 11, "Balance Sheet" of the Form 990, with Total Net Assets (line 33) of $23,791,514 and Mortgages (line 23) of $209,531).

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1		
Payor Source	**Projected Gross Operating Revenue**	**As a % of total**
Medicare/Medicare Managed Care	$ 5,760,074	65%
TennCare/Medicaid	$ 620,316	7%
Commercial/Other Managed Care	$ 2,481,262	28%
Self-Pay	N/A	0%
Charity Care	N/A	0%
Other (Specify)_____	N/A	0%
Total	$ 8,861,652	100%

RESPONSE: As mentioned previously and reflected in the Applicant's projected payor mix for Year 1 and beyond, the majority of ESRD patients' care is paid for by Medicare. Thus, to continue providing effective, efficient vascular access and hemodialysis services to these patients, it is essential that the Applicant remain eligible for payment under the changing Medicare payment framework for ESRD services. The Applicant's proposed conversion to an ASTC will permit the Applicant to meet Medicare's evolving requirements while offering an even more robust complement of services to its patients.

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

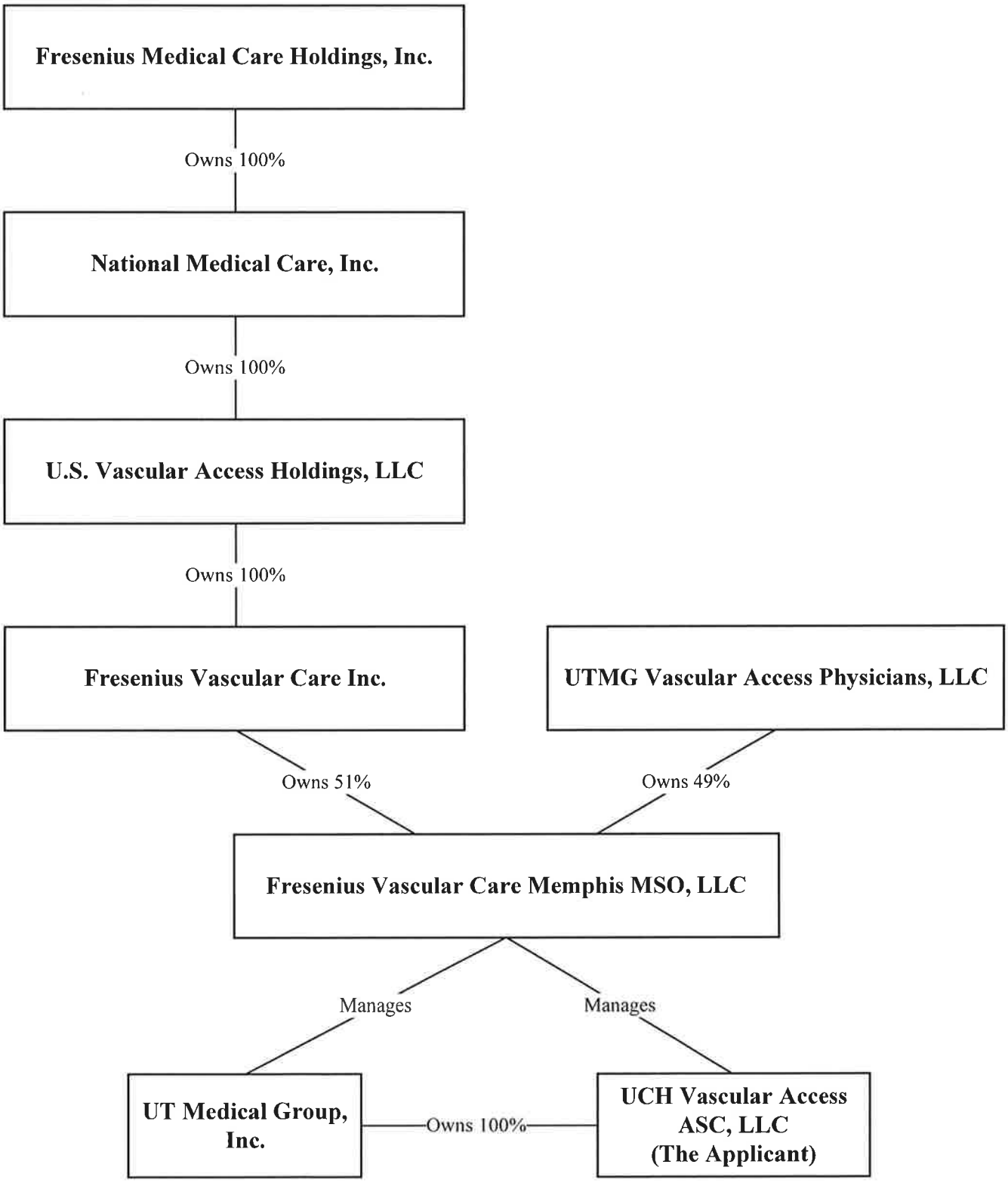
Position Classification	Existing FTEs (N/A)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Tennessee; Memphis Area Median Wages
a) **Direct Patient Care Positions**				
*Registered Nurse**	4.0	5.0	$76,299	$56,838; $60,502
Nurse Practitioner	1.0	1.0	$109,990	$91,988; $99,413
Medical Assistant	3.0	4.0	$40,352	$28,845; $28,379
Patient Service Coordinator	2.0	2.0	$37,263	$34,870; $42,728
Radiology Technologist	1.0	2.0	$68,339	$49,636; $54,449
Total Direct Patient Care Positions	11.0	14.0		
b) **Non-Patient Care Positions**				
Center Manager	1.0	1.0	$90,126	$82,726; $86,538
Marketer	1.0	1.0	$81,141	$80,662; $78,457

Attachment 5

Organizational Chart for Fresenius Vascular Care Memphis MSO, LLC

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

Fresenius Vascular Care Memphis MSO, LLC
Organizational Chart



Attachment 12

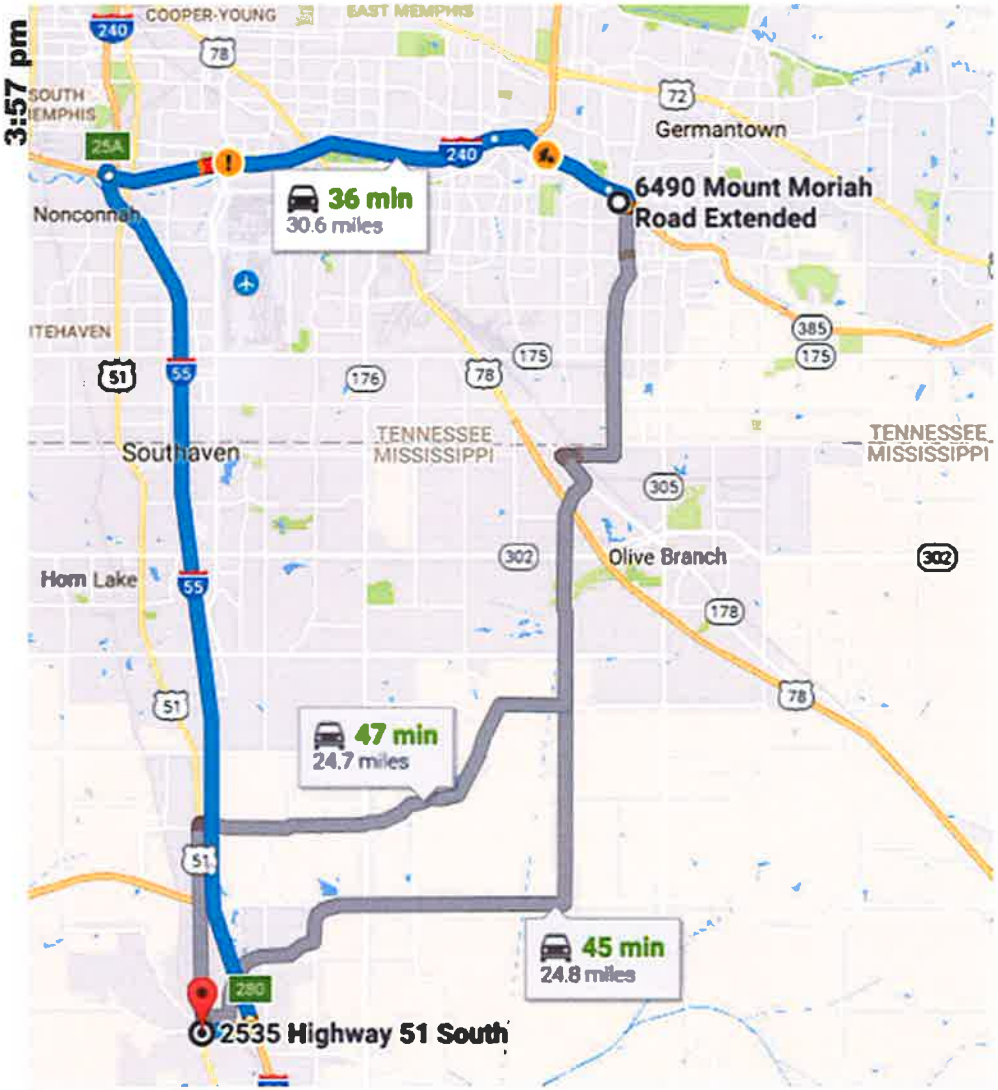
Applicant's Distance to DeSoto, Marshall, and Tunica Counties, Mississippi

SUPPLEMENTAL #1

May 8, 2017
3:57 pm

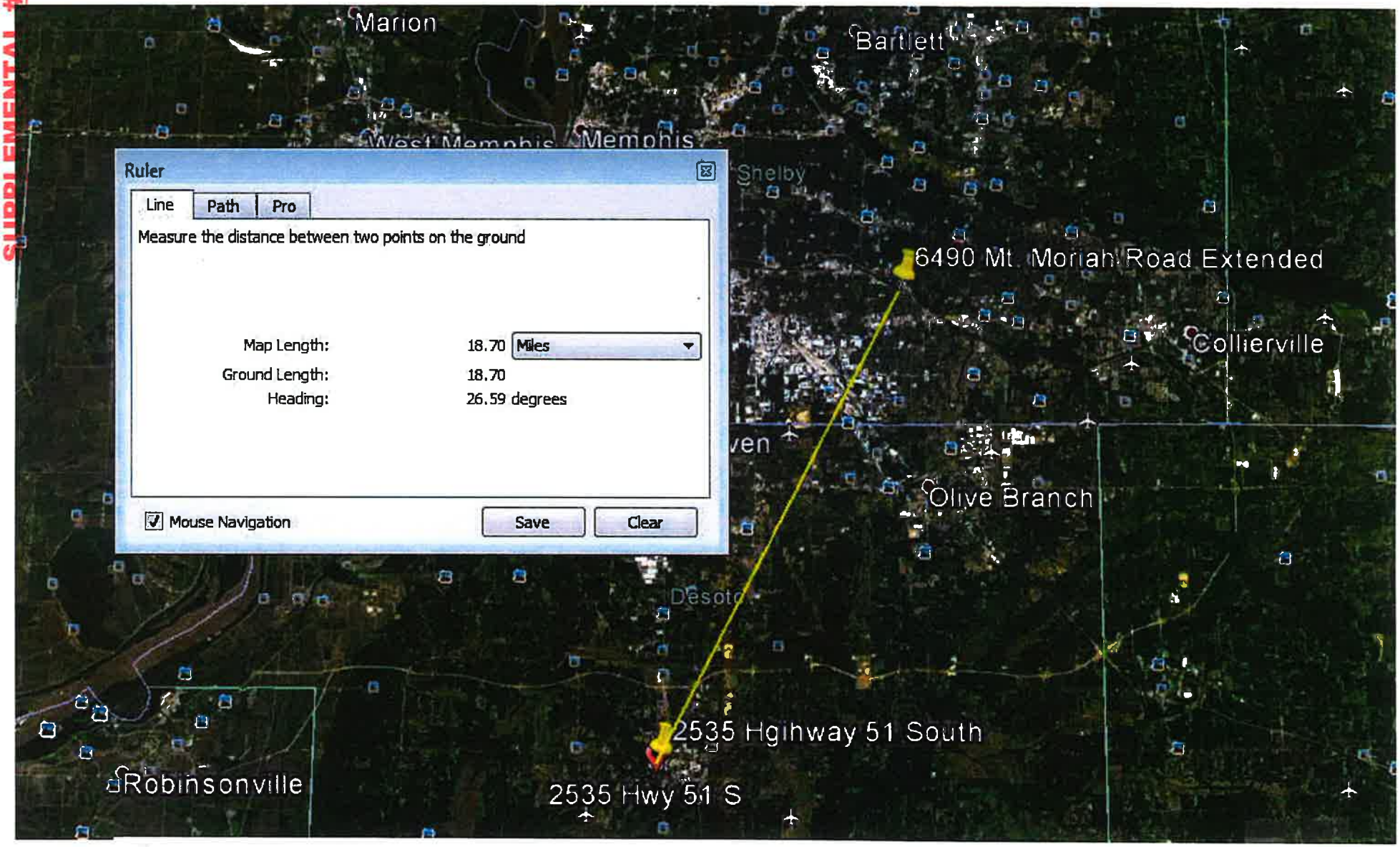
DeSoto County

Applicant:	6490 Mt. Moriah Road Extended, Memphis, TN 38115
DeSoto County Courthouse:	2535 Highway 51 South, Hernando, MS 38632
Driving Distance:	30.6 Miles
Driving Time:	36 Minutes



Source: Google Maps.

SUPPLEMENTAL #1



DeSoto County

Applicant:	6490 Mt. Moriah Road Extended, Memphis, TN 38115
DeSoto County Courthouse:	2535 Highway 51 South, Hernando, MS 38632
Straight-line Distance:	18.70 Miles

SUPPLEMENTAL #1

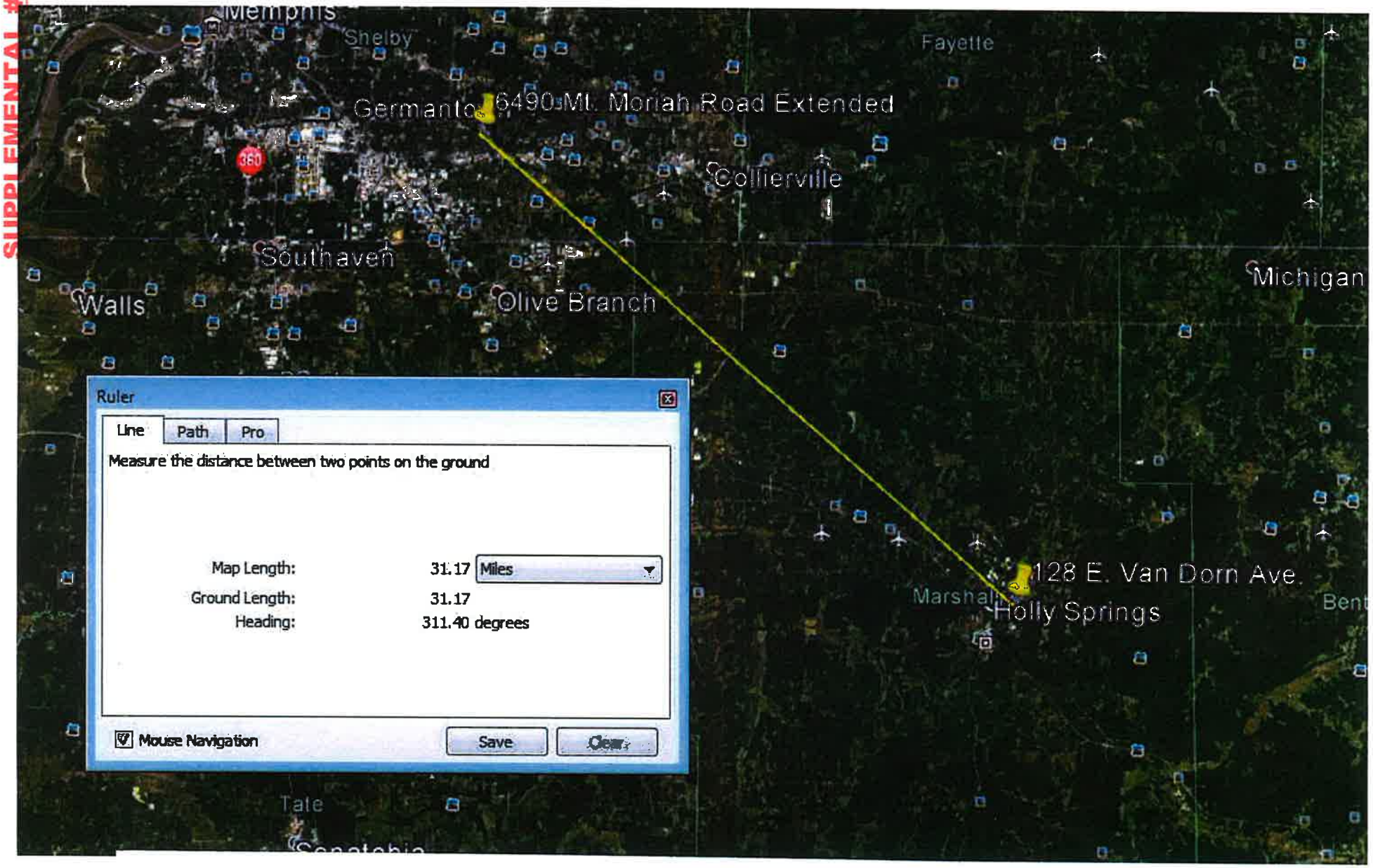
May 8, 2017
3:57 pm

Marshall County

Applicant:	6490 Mt. Moriah Road Extended, Memphis, TN 38115
Marshall County Courthouse:	128 E. Van Dorn Ave, Holly Springs, MS 38635
Driving Distance:	36.8 Miles
Driving Time:	49 Minutes

Source: Google Maps.

SUPPLEMENTAL #1



Marshall County

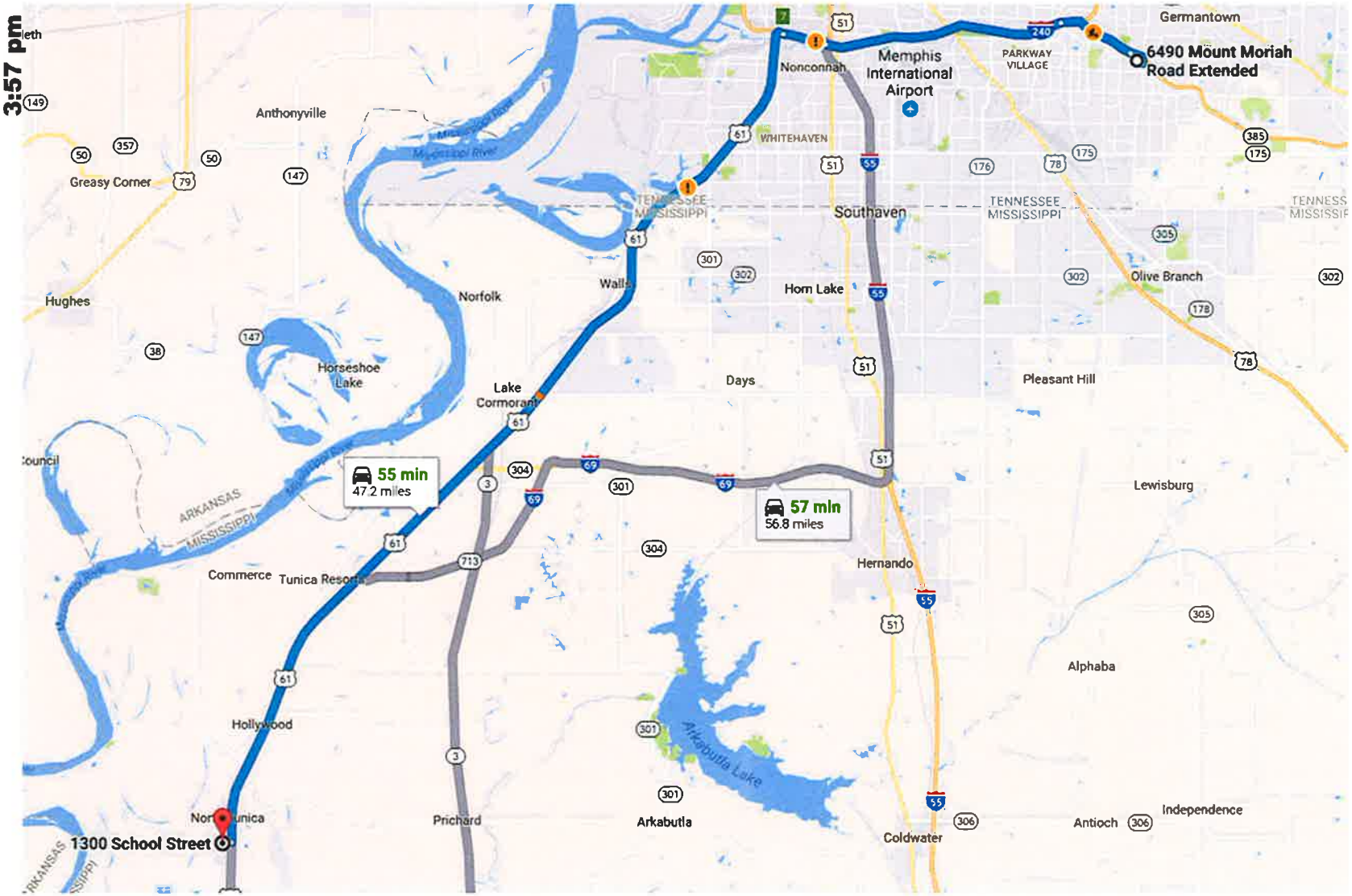
Applicant:	6490 Mt. Moriah Road Extended, Memphis, TN 38115
Marshall County Courthouse:	128 E. Van Dorn Ave., Holly Springs, MS 38635
Straight-line Distance:	31.17 Miles

SUPPLEMENTAL #1

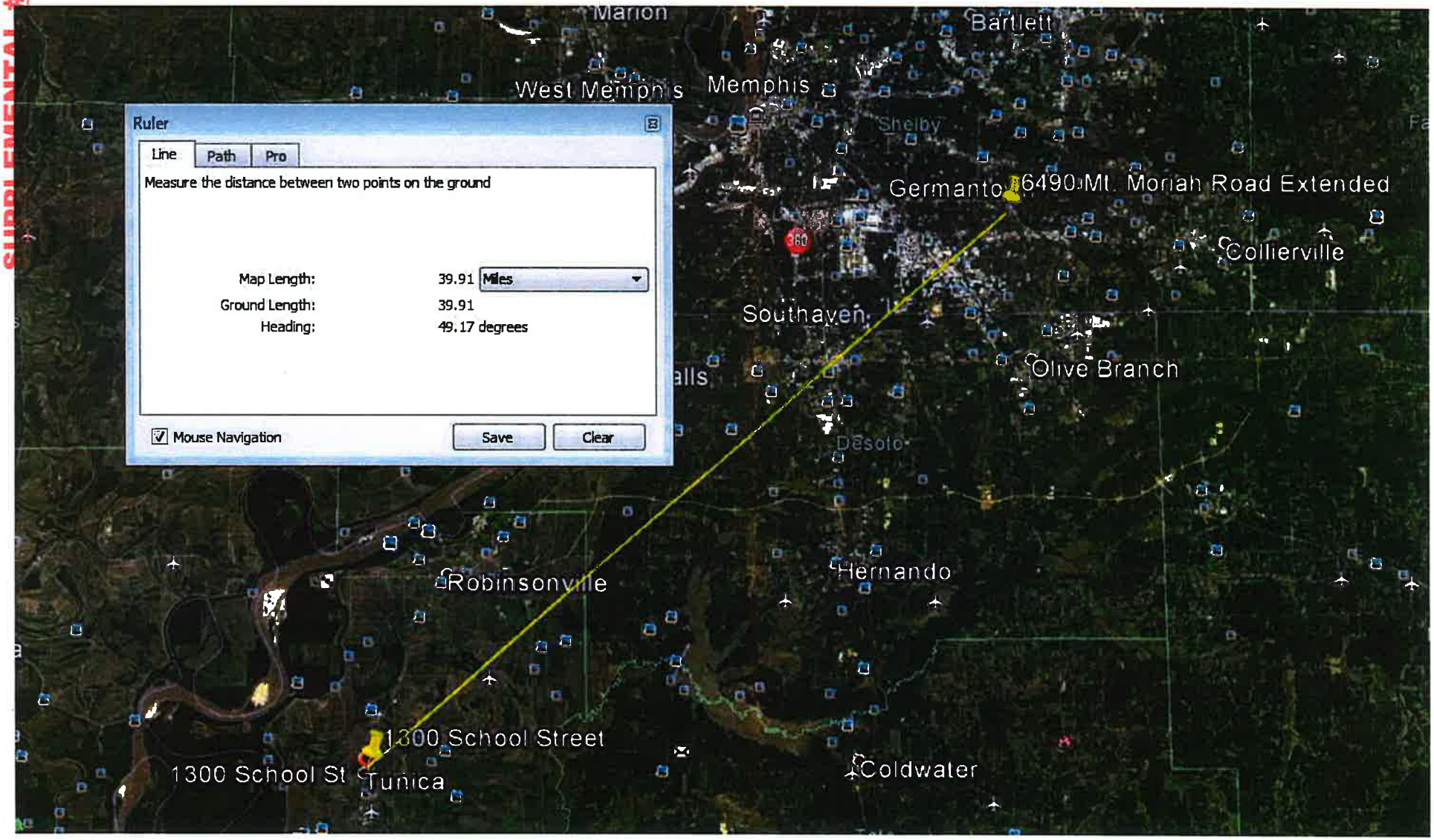
May 8, 2017
3:57 pm

Tunica County

Applicant:	6490 Mt. Moriah Road Extended, Memphis, TN 38115
Tunica County Courthouse:	1300 School Street, Tunica, MS 38676
Driving Distance:	47.2 Miles
Driving Time:	56 Minutes



Source: Google Maps.



Tunica County

Applicant:	6490 Mt. Moriah Road Extended, Memphis, TN 38115
Tunica County Courthouse:	1300 School Street, Tunica, MS 38676
Straight-line Distance:	39.91 Miles

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

Attachment 20

Bank Letters and 12-Month Financial History

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

Spencer F. Hare
Senior Vice President
Mid-South Commercial Banking

April 26, 2017

RE: U. T. Medical Group, Inc.

To Whom It May Concern:

Please let this serve as notice that U. T. Medical Group, Inc. has established a banking account and relationship with First Tennessee Bank. Below is account information for U. T. Medical Group, Inc.:

Account Number:	187620728
Routing Number:	084000026
Balance as of April 26, 2017:	$2,651,326.41

If you have any questions or concerns, please do not hesitate to contact me at sfhare@firsttennessee.com or (901) 681-2622.

Sincerely,

Spencer Hare
Senior Vice President
First Tennessee Bank

First Tennessee Bank N.A.
4385 Poplar Avenue
Memphis, TN 38117
Phone (901) 681-2622
Fax (901) 681-2325
www.firsttennessee.com

SUNTRUST

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

999 S Shady Grove, Suite 202
Memphis, Tennessee 38120
Phone 901 415 7086
Fax 901 681 4169

Jean M. Morton
Senior Vice President
Manager
Institutional & Government Division

April 26, 2017

Mr. Joseph Misleh
University Clinical Health
1407 Union Avenue, Suite 700
Memphis, TN 38104

Dear Mr. Misleh:

University Clinical Health maintains a depository relationship with SunTrust Bank. As of the date of this letter, University Clinical Health has the following deposits with SunTrust Bank.

SunTrust Bank	$8,729,816.45

Thank you for being a SunTrust client.

Sincerely,

Jean M. Morton
Senior Vice President

SUPPLEMENTAL #1

May 8, 2017 3:57 pm

University Clinical Health
UTMG P&L 12 Month History
As of March 31, 2017

Created on: 04/27/2017 03:10 PM

As of Date: 03/31/2017

	Twelve-month Total	Month Ending 03/31/2017	Month Ending 02/28/2017	Month Ending 01/31/2017	Month Ending 12/31/2016	Month Ending 11/30/2016	Month Ending 10/31/2016	Month Ending 09/30/2016	Month Ending 08/31/2016	Month Ending 07/31/2016	Month Ending 06/30/2016	Month Ending 05/31/2016	Month Ending 04/30/2016
REVENUE													
PROFESSIONAL FEE INCOME													
Gross Charges	99,308,183	7,250,980	7,249,623	7,530,375	14,134,728	7,835,806	7,471,076	8,147,700	8,176,042	7,474,814	8,343,838	7,430,007	8,263,196
CHARGE ADJUSTMENTS	57,091,101	4,302,056	4,502,798	4,729,772	3,678,300	4,644,617	4,727,087	5,260,398	5,203,709	4,710,659	5,284,457	4,646,203	5,401,043
Total NET CHARGES	42,217,083	2,948,924	2,746,825	2,800,602	10,456,429	3,191,188	2,743,989	2,887,302	2,972,333	2,764,154	3,059,380	2,783,803	2,862,153
THE PFI	7,248,298	678,186	556,494	572,811	745,746	595,222	625,609	647,948	512,165	490,821	612,166	573,764	637,368
TATE PFI	49,465,381	3,627,109	3,303,319	3,373,413	11,202,174	3,786,410	3,369,598	3,535,250	3,484,498	3,254,976	3,671,546	3,357,567	3,499,521
OTHER REVENUE	12,435,115	1,303,768	1,299,665	1,172,656	998,551	1,009,211	982,857	1,009,698	885,409	920,751	964,470	921,591	966,489
OTHER INCOME & GAINS	4,506,408	319,643	345,366	393,105	654,426	309,015	352,915	526,125	626,487	308,703	209,889	283,819	176,916
TOTAL REVENUE	**66,406,904**	**5,250,520**	**4,948,350**	**4,939,174**	**12,855,152**	**5,104,636**	**4,705,370**	**5,071,073**	**4,996,393**	**4,484,429**	**4,845,905**	**4,562,977**	**4,642,925**
EXPENSES													
COMPENSATION & BENEFITS													
MD COMPENSATION AND BENEFITS	23,712,645	2,063,452	2,110,637	2,053,151	2,420,350	1,866,980	1,880,089	1,901,902	1,904,546	1,860,108	1,773,940	1,944,852	1,932,638
MD ALLOWANCES	355,379	41,083	42,410	11,971	61,720	22,801	22,925	22,499	28,766	22,443	24,099	32,807	21,855
PHYSICIAN EXTENDER COMPENSATION	2,311,561	292,254	245,500	236,443	185,334	163,783	186,966	165,362	205,418	109,088	177,839	160,075	183,500
PHYSICIAN EXTENDER ALLOWANCES	17,289	3,022	1,815	1,055	314	990	594	3,914	708	1,057	731	1,505	1,582
SUPPORT STAFF COMPENSATION	15,637,574	1,067,182	983,189	986,476	5,196,287	850,942	1,026,740	974,728	996,725	896,160	930,813	914,070	814,262
SUPPORT STAFF ALLOWANCES	159,221	9,010	14,985	4,444	9,736	16,680	17,921	20,274	19,764	15,410	7,975	15,956	7,065
Total COMPENSATION & BENEFITS	42,193,670	3,476,003	3,398,536	3,293,540	7,873,742	2,922,176	3,135,235	3,088,679	3,155,928	2,904,266	2,915,397	3,069,265	2,960,902
MALPRACTICE INSURANCE													
5225 - INSURANCE-MALPRACT.	1,236,303	85,756	85,016	87,221	95,937	102,714	128,150	111,586	117,960	126,878	103,983	97,914	93,189
Total MALPRACTICE INSURANCE	1,236,303	85,756	85,016	87,221	95,937	102,714	128,150	111,586	117,960	126,878	103,983	97,914	93,189
DRUGS, LAB COSTS & SUPPLIES	3,435,731	285,634	273,858	299,865	549,002	366,349	269,754	359,304	211,057	214,087	243,554	172,994	190,273
FACILITIES EXPENSE	2,512,811	219,592	191,201	234,751	186,301	239,209	209,930	205,040	224,672	185,925	193,649	204,969	217,572
SOFTWARE FEES & NETWORK SERVICES	2,193,916	290,386	148,984	218,086	235,443	186,218	155,981	207,221	106,093	115,518	199,728	247,521	82,737
PURCHASED SERVICES	5,167,441	253,469	273,504	240,139	2,278,732	246,166	261,991	292,881	292,200	289,223	238,723	245,317	255,095
PROFESSIONAL FEES	3,621,607	130,532	113,851	121,144	594,094	394,677	205,403	305,886	404,037	243,318	496,056	303,182	309,428
COM OVERHEAD	795,540	68,286	59,884	63,717	76,238	73,589	63,208	67,487	65,458	60,515	68,808	62,299	66,052
OTHER	2,336,022	86,398	93,022	69,854	1,110,978	191,610	150,265	87,247	101,768	71,490	155,306	41,909	176,176
DEPARTMENTAL ALLOCATIONS	8	1	2	(1)	0	2	1	0	1	0	(0)	1	0
PRACTICE COST	(0)	0	0	(0)	(0)	0	0	0	(0)	(0)	(0)	(0)	0
Total EXPENSES	63,493,048	4,896,057	4,637,858	4,628,315	13,000,466	4,722,709	4,579,919	4,725,332	4,679,175	4,211,220	4,615,204	4,445,371	4,351,423
CLINICAL OPS EBITDA	2,913,856	354,463	310,492	310,859	(145,314)	381,927	125,450	345,741	317,218	273,209	230,702	117,605	291,502
ADMIN SHARED SERVICES													
7824 - ADMINISTRATIVE O/H	1	1	(0)	1	0	0	(0)	(0)	(0)	(0)	0	0	(0)
7826 - GLOBAL IT COST	0	0	0	(0)	0	(0)	0	0	0	0	0	(0)	0
Total ADMIN SHARED SERVICES	1	1	0	0	0	0	(0)	(0)	0	0	0	0	(0)
EBITDA	**2,913,854**	**354,463**	**310,492**	**310,859**	**(145,314)**	**381,927**	**125,450**	**345,741**	**317,218**	**273,209**	**230,702**	**117,605**	**291,502**
DEPRECIATION & AMORTIZATION	1,049,022	80,000	89,631	72,827	81,944	82,384	82,381	77,906	89,123	84,570	101,425	103,561	103,272
INTEREST EXPENSE	6,914	524	524	524	524	524	774	524	524	524	586	1,081	276
OPERATING INCOME/LOSS	1,857,918	273,938	220,337	237,507	(227,782)	299,019	42,295	267,310	227,571	188,114	128,690	12,964	187,954
MINORITY INTEREST	525,506	16,903	38,196	38,196	72,262	66,930	10,817	43,296	45,582	60,858	54,705	72,522	5,239
NET INCOME/LOSS AFTER MINORITY INTEREST	**1,332,412**	**257,035**	**182,141**	**199,311**	**(300,044)**	**232,089**	**31,478**	**224,014**	**181,989**	**127,256**	**73,985**	**(59,558)**	**182,715**

Attachment 27

Applicant Payor List

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

UT Medical Group, Inc.

Payor List, February 2017

AARP
Aetna
Ambetter of Arkansas
American Continental Insurance
Americhoice
Amerigroup
Bankers Fidelity
BCBS Tennessee
Blue Cross Federal Employee Program
Cahaba Medicare
CHA VA
Cigna
Continental Benefits
Equitable Life & Casualty Insurance Company
Farm Bureau Health Plan
GHI (EmblemHealth)
Health Design Plus
Health Smart
HealthSpring
Humana
Magnolia Health
Mailholder Benefit Plan
Manhattan Life Insurance
Medicare Blue Advantage
Memphis VA
Meritan Health
Mississippi Medicaid
Mutual of Omaha
NALC Health Benefit Plan
New Era Life
Optum Health
Philadelphia American Life Insurance
POMCO Group
Pyramid Life Insurance Company
Qualcare
Qualchoice
Railroad Medicare
SISCO
State Farm
TennCare
Transamerica Premier Life Insurance Company
Tricare
UHC
Wellcare
Windsor Medicare

Attachment 30

Publication Affidavit

SUPPLEMENTAL #1

May 8, 2017
3:57 pm

The Commercial Appeal
Affidavit of Publication

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, Glenn W. Edwards, a Notary Public, Helen Curl, of MEMPHIS PUBLISHING COMPANY, a corporation, publishers of The Commercial Appeal, morning and Sunday paper, published in Memphis, Tennessee, who makes oath in due form of law, that she is Legal Clerk of the said Memphis Publishing Company, and that the accompanying and hereto attached advertisement was published in the following editions of The Commercial Appeal, to-wit:

April 3, 2017

Helen Curl

Subscribed and sworn to before me this 7th day of April, 2017.

GLENN W EDWARDS STATE OF TENNESSEE NOTARY PUBLIC COUNTY OF SHELBY

Glenn W. Edwards Notary Public

My commission expires January 20, 2020.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that UCH Vascular Access ASC, LLC, a Delaware limited liability company, intends to file an application for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the second floor of an existing building at 6490 Mt. Moriah Road Extended, Memphis, TN, 38115, in existing Suite 202 of such building. The ASTC will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures. The ASTC will be owned and operated by UCH Vascular Access ASC, LLC and managed by Fresenius Vascular Care Memphis MSO, LLC. The ASTC will include one (1) operating room and one (1) procedure room. No beds or major medical equipment will be involved. The estimated project cost is $2,144,000.

The anticipated filing date of the application is on or before April 7, 2017. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@bradley.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

MC-1553200

SUPPLEMENTAL #1
May 8, 2017
3:57 pm

MAY 8 '17 PM 3:57

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: UCH Vascular Access ASC

I, MICHAEL D. BRENT, after first being duly sworn, state under oath that I am the attorney for the applicant named in this Certificate of Need application, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

MICHAEL D. BRENT, ATTORNEY

Sworn to and subscribed before me, a Notary Public, this the _____ day of April, 2017, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

My commission expires September 11, 2017

CYNTHIA A. EVANS
NOTARY PUBLIC
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires SEPT. 11, 2017

HF-0043

Revised 7/02

Supplemental #2

UCH Vascular Access ASC, LLC

CN1704-013

SUPPLEMENTAL #2
May 17, 2017
8:20 am

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

May 16, 2017

Michael D. Brent
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application CN1704-013
UCH Vascular Access ASC

Dear Mr. Brent:

This will acknowledge our May 8, 2017 receipt of your supplemental response for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the 2nd floor of an existing building located at 6490 Mt. Moriah Road Extended, Memphis (Shelby County), TN 38115. The ASTC will be owned and operated by UCH Vascular Access ASC, LLC and managed by Fresenius Vascular Care Memphis MSO, LLC. The ASTC will include one operating room and one procedure room and will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by noon, Tuesday, May 16, 2017. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Section B, Need Item E**

   The utilization for East Memphis Surgery Center and Memphis Surgery Center for the years 2013-2015 is noted. However, please revise the chart below to include 2016 JAR utilization.

RESPONSE: Please see below.

SUPPLEMENTAL #2
May 17, 2017
8:20 am

4 County Service Area ASTC Patient Utilization 2014-2016											
		2014			2015			2016			
County	Multi-specialty ASTCs	Oper. Rms	Proc. Rms	Cases	Oper. Rms	Proc. Rms	Cases	Oper. Rms	OR Cases	Proc. Rms	PR Cases
Shelby	East Memphis Surgery Center	6	3	5269	6	3	5341	6	4132	3	460
Shelby	Memphis Surgery Center	4	1	2861	4	1	2652	4	1586	1	0
Grand Total		**10**	**4**	**8130**	**10**	**4**	**7993**	**10**	**5718**	**4**	**460**

2. **Section B. Economic Feasibility Item D (Projected Data Chart)**

The applicant notes services will be provided to eligible patients who are unable to obtain insurance coverage who lack financial resources to pay for medical services. However, the revised Projected Data Chart does not allocate any funds for charity care. Please clarify.

If the applicant provides a revised Projected Data Chart, please revise other responses in the application that may be impacted by the revision.

RESPONSE: The Applicant intends to allocate $100,000 per year for charity care. A revised Projected Data Chart is enclosed as replacement pages R-37 and R-38, and a revised Applicant's Projected Payor Mix, Year 1 chart is enclosed as replacement page R-40.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is June 21, 2017. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. э 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be

SUPPLEMENTAL #2
May 17, 2017
8:20 am

prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart
HSD Examiner
Enc.

SUPPLEMENTAL #2

May 17, 2017
8:20 am

Attachment: Replacement Pages

Replacement Pages R-37, R-38, and R-40

Please see attached.

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	3,590	3,698
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	$8,917,040	$9,182,288
3. Emergency Services		
4. Other Operating Revenue (Specify)	$44,612	$44,612
Gross Operating Revenue	$8,861,652	$9,126,900
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care	$ 100,000	$ 100,000
3. Provisions for Bad Debt	$	$
Total Deductions $	$	$
NET OPERATING REVENUE	$8,861,652	$9,126,900
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	$1,303,823	$1,383,226
b. Non-Patient Care	$	$
Physician's Salaries and Wages	821,699	871,740
3. Supplies	2,319,140	2,388,908
4. Rent	$	$
a. Paid to Affiliates	195,218	203,084
b. Paid to Non-Affiliates	$	$
5. Management Fees:		
a. Paid to Affiliates	$	$
b. Paid to Non-Affiliates	557,822	580,303
6. Other Operating Expenses	$ 749,443	$ 784,028
Total Operating Expenses	**$5,947,143**	**$6,211,289**
E. **Earnings Before Interest, Taxes and Depreciation**	**$2,914,509**	**$2,915,611**
F. Non-Operating Expenses	$	$
1. Taxes	$	$
2. Depreciation	$ 85,333	$85,333
3. Interest	$ 1,704	$1,808
4. Other Non-Operating Expenses	$	$
Total Non-Operating Expenses	**$87,037**	**$87,141**
NET INCOME (LOSS)	**$2,827,473**	**$2,828,470**

Chart Continues Onto Next Page

SUPPLEMENTAL #2
May 17, 2017
8:20 am

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NET INCOME (LOSS)	$2,827,473	$2,828,470
G. Other Deductions		
1.Annual Principal Debt Repayment	$_____	$_____
2.Annual Capital Expenditure	$_____	$_____
Total Other Deductions	$_____	$_____
NET BALANCE	$2,827,473	$2,828,470
DEPRECIATION	$85,333	$85,333
FREE CASH FLOW (Net Balance + Depreciation)	$2,912,806	$2,913,803

☐ Total Facility
☐ Project Only

PROJECTED DATA CHART OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 1	Year 2	Year____
1. Professional Services	$ 5,573	$ 5,797	$_____
2. Communications	$ 167,259	$ 174,000	$_____
3. Patient Services	$ 146,032	$ 151,917	$_____
4. Insurance & Benefits	$ 212,837	$ 225,798	$_____
5. Medical Services	$ 6,135	$ 6,382	$_____
6. Equipment	$ 99,105	$ 103,099	$_____
7. Administrative	$ 39,009	$ 40,581	$_____
8. Marketing	$ 57,292	$ 59,601	$_____
9. Miscellanea	$ 16,201	$ 16,853	$_____
Total Other Expenses	**$ 749,443**	**$ 784,028**	**$_____**

capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: *Please see* **Attachment B - Economic Feasibility - B** for related financial data, presented in the format of the latest Form 990 filed by the parent entity of the Applicant, UTMG, with the Internal Revenue Service. Based on the attached IRS Form 990 available, the capitalization ratio of the Applicant's parent is less than 1% (see page 11, "Balance Sheet" of the Form 990, with Total Net Assets (line 33) of $23,791,514 and Mortgages (line 23) of $209,531).

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1		
Payor Source	**Projected Gross Operating Revenue**	**As a % of total**
Medicare/Medicare Managed Care	$ 5,760,074	64%
TennCare/Medicaid	$ 620,316	7%
Commercial/Other Managed Care	$ 2,481,262	28%
Self-Pay	N/A	N/A
Charity Care	$100,000	1%
Other (Specify)_____	N/A	N/A
Total	$ 8,961,652	100%

RESPONSE: As mentioned previously and reflected in the Applicant's projected payor mix for Year 1 and beyond, the majority of ESRD patients' care is paid for by Medicare. Thus, to continue providing effective, efficient vascular access and hemodialysis services to these patients, it is essential that the Applicant remain eligible for payment under the changing Medicare payment framework for ESRD services. The Applicant's proposed conversion to an ASTC will permit the Applicant to meet Medicare's evolving requirements while offering an even more robust complement of services to its patients.

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (N/A)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Tennessee; Memphis Area Median Wages
a) **Direct Patient Care Positions**				
*Registered Nurse**	4.0	5.0	$76,299	$56,838; $60,502
Nurse Practitioner	1.0	1.0	$109,990	$91,988; $99,413
Medical Assistant	3.0	4.0	$40,352	$28,845; $28,379
Patient Service Coordinator	2.0	2.0	$37,263	$34,870; $42,728
Radiology Technologist	1.0	2.0	$68,339	$49,636; $54,449
Total Direct Patient Care Positions	11.0	14.0		
b) **Non-Patient Care Positions**				
Center Manager	1.0	1.0	$90,126	$82,726; $86,538
Marketer	1.0	1.0	$81,141	$80,662; $78,457

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SUPPLEMENTAL #2

May 17, 2017
8:20 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: UCH Vascular Access ASC

I, MICHAEL D. BRENT, after first being duly sworn, state under oath that I am the attorney for the applicant named in this Certificate of Need application, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

MICHAEL D. BRENT, ATTORNEY

Sworn to and subscribed before me, a Notary Public, this the 17th day of April, 2017, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

CYNTHIA A. EVANS
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires SEPT. 11, 2017

My commission expires September 11, 2017.

HF-0043

Revised 7/02

Supplemental- #3
-Original-

UCH Vascular Access ASC

CN1704-013

SUPPLEMENTAL #3
May 19, 2017
3:32 pm

MAY 19 '17 PM 3:32

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

May 18, 2017

Michael D. Brent
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application CN1704-013
UCH Vascular Access ASC

Dear Mr. Brent:

This will acknowledge our May 17, 2017 receipt of your supplemental response for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center (ASTC) to be located on the 2nd floor of an existing building located at 6490 Mt. Moriah Road Extended, Memphis (Shelby County), TN 38115. The ASTC will be owned and operated by UCH Vascular Access ASC, LLC and managed by Fresenius Vascular Care Memphis MSO, LLC. The ASTC will include one operating room and one procedure room and will be limited to surgeries and procedures related to vascular access and other hemodialysis oriented procedures.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by noon, Thursday, May 25, 2017. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

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1. **Section B, Need Item E**

   The 2016 JAR utilization for East Memphis Surgery Center is noted. However, East Memphis Surgery reported two figures for procedure room (PR) utilization. On page 6 the applicant reports procedure room utilization of 460, and then on page 7 the total PR utilization is 1,155. Please verify the two discrepancies in the 2016 Joint Annual Report. This is useful information since there appears to be a reduction in total overall utilization for East Memphis Surgery Center when the utilization of 460 is used for procedure room utilization.

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RESPONSE: The numbers reported for East Memphis Surgery Center's JAR 2016 were in error. Additionally, a typo was found in the JAR 2016 data for Memphis Surgery Center. Please find a revised chart below reflecting the corrected numbers.

4 County Service Area ASTC Patient Utilization 2014-2016											
		2014			2015			2016			
County	Multi-specialty ASTCs	Oper. Rms	Proc. Rms	Cases	Oper. Rms	Proc. Rms	Cases	Oper. Rms	OR Cases	Proc. Rms	PR Cases
Shelby	East Memphis Surgery Center	6	3	5269	6	3	5341	6	4246	3	1155
Shelby	Memphis Surgery Center	4	1	2861	4	1	2652	4	1686	1	0
Grand Total		**10**	**4**	**8130**	**10**	**4**	**7993**	**10**	**5932**	**4**	**1155**

2. **Section B. Economic Feasibility Item D (Projected Data Chart)**

   There are addition errors in the revised Projected Data Chart. Please submit a revised Projected Data Chart.

RESPONSE: Please see the revised Project Data Chart, enclosed as replacement pages R-37 and R-38.

The following sections will need to be revised as a result of the revised Projected Data Chart:

1. Economic Feasibility, Item E, Top of page 39

   Please submit a new chart for the gross charge, deduction from revenue, and average gross charge and include corrections on replacement page 39 (R-39).

RESPONSE: Please see the revised Item E.1 on the enclosed replacement page R-39.

2. Economic Feasibility, Item F.2 Net Operating Margin Ratio

   Please update the table for the Net Operating Ratio on page 39 and submit and include in replacement page 39 (R-39).

RESPONSE: Please see the revised Item F.2 on the enclosed replacement page R-39.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is June 21, 2017. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being

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May 19, 2017
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considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. э 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart
HSD Examiner
Enc.

SUPPLEMENTAL #3

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Attachment: Replacement Pages

Replacement Pages R-37 through R-39.

Please see attached.

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MAY 19 '17 PM 3:32

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	3,590	3,698
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	$8,917,040	$9,182,288
3. Emergency Services		
4. Other Operating Revenue (Specify)	$44,612	$44,612
Gross Operating Revenue	$8,961,652	$9,226,900
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care	$ 100,000	$ 100,000
3. Provisions for Bad Debt	$	$
Total Deductions $	$ 100,000	$ 100,000
NET OPERATING REVENUE	$8,861,652	$9,126,900
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	$1,303,823	$1,383,226
b. Non-Patient Care	$	$
Physician's Salaries and Wages	821,699	871,740
3. Supplies	2,319,140	2,388,908
4. Rent	$	$
a. Paid to Affiliates	195,218	203,084
b. Paid to Non-Affiliates	$	$
5. Management Fees:		
a. Paid to Affiliates	$	$
b. Paid to Non-Affiliates	557,822	580,303
6. Other Operating Expenses	$ 749,443	$ 784,028
Total Operating Expenses	**$5,947,145**	**$6,211,289**
E. **Earnings Before Interest, Taxes and Depreciation**	**$2,914,507**	**$2,915,611**
F. Non-Operating Expenses	$	$
1. Taxes	$	$
2. Depreciation	$ 85,333	$85,333
3. Interest	$ 1,704	$1,808
4. Other Non-Operating Expenses	$	$
Total Non-Operating Expenses	**$87,037**	**$87,141**
NET INCOME (LOSS)	**$2,827,470**	**$2,828,470**

Chart Continues Onto Next Page

SUPPLEMENTAL #3

May 19, 2017
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NET INCOME (LOSS)	$2,827,470	$2,828,470
G. Other Deductions		
1.Annual Principal Debt Repayment	$_____	$_____
2.Annual Capital Expenditure	$_____	$_____
Total Other Deductions	$_____	$_____
NET BALANCE	$2,827,470	$2,828,470
DEPRECIATION	$85,333	$85,333
FREE CASH FLOW (Net Balance + Depreciation)	$2,912,803	$2,913,803

☐ Total Facility
☐ Project Only

PROJECTED DATA CHART OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 1	Year 2	Year____
1. Professional Services	$ 5,573	$ 5,797	$_____
2. Communications	$ 167,259	$ 174,000	$_____
3. Patient Services	$ 146,032	$ 151,917	$_____
4. Insurance & Benefits	$ 212,837	$ 225,798	$_____
5. Medical Services	$ 6,135	$ 6,382	$_____
6. Equipment	$ 99,105	$ 103,099	$_____
7. Administrative	$ 39,009	$ 40,581	$_____
8. Marketing	$ 57,292	$ 59,601	$_____
9. Miscellanea	$ 16,201	$ 16,853	$_____
Total Other Expenses	**$ 749,443**	**$ 784,028**	**$_____**

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Year 1 to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	N/A	N/A	$2,496.28	$2,495.11	0%
Deduction from Revenue *(Total Deductions/Utilization Data)*	N/A	N/A	$27.86	$27.04	-3%
Average Net Charge *(Net Operating Revenue/Utilization Data)*	N/A	N/A	$2,468.43	$2,468.06	0%

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-FI. NOTE: Publicly held entities only need to reference their SEC filings.**

RESPONSE: *Please see* **Attachment B - Economic Feasibility - B** for related financial data, presented in the format of the latest Form 990 filed by the parent entity of the Applicant, UTMG, with the Internal Revenue Service.

2) Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	33%	32%

3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

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May 19, 2017
3:32 pm

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AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: UCH Vascular Access ASC

I, Michael D Brent, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title Michael D Brent Attorney

Sworn to and subscribed before me, a Notary Public, this the 19th day of May, 2017, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

My commission expires November 3, 2020.

HF-0043

Revised 7/02

ESTHER J. LINDER
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires NOV. 3, 2020