ORIGINAL-

-Application

Tennova

Healthcare-

Hospital

CN1408-033

STATE OF TENNESSEE
Health Services and Dev Agency
Office 31607001
8/13/2014 11:44 AM

Cashier:	annir0811001
Batch #:	666036
Trans #:	1
Workstation:	AF0719WP45

CON Filing Fees

Receipt #: 12873796	
HA01 CON Filing Fees	$45,000.00
Payment Total:	**$45,000.00**
Transaction Total:	**$45,000.00**
Check 21	$45,000.00

Thank you for your payment.
Have a nice day!

CN1408-033

THIS CHECK IS VOID IF BLUE BACKGROUND IS ABSENT

VOID AFTER 90 DAYS

0099604

64-975/612

Health Services and Dev Agency
Office 31607001

Receipt #: 12873796
FEID#: 8/13/2014
Batch #: 666036
Trans #1 $45,000.00

HA01 CON Filing Fees $45,000.00
Check 21 $45,000.00

THANK YOU FOR YOUR PAYMENT

DATE 07/10/2014

AMOUNT $****45,000.00

James W. Bonnette
Brent G. Hammons

Health Management Associates
WELLS FARGO BANK, NA
NAPLES, FL

METRO KNOXVILLE HMA - ME
900 E. OAK HILL AVE
KNOXVILLE, TN 37917

PAY FORTY-FIVE THOUSAND & 00/100

TO THE ORDER OF
HEALTH SERVICES AND DEV AGENCY
ANDREW JACKSON BUILDING
502 DEADERICK ST, 9TH FL
NASHVILLE, TN 37243-0000

⑈0099604⑈ ⑆061209756⑆ 2079900590872⑈

AUG 13 '14 AM 11:08

August 12, 2014

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: CON Application Submitted – Replacement hospital for Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center

Dear Ms. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Sincerely,

Melanie B. Burgess
Vice President of Development

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Knox

Melanie B. Burgess, 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.

Melanie B. Burgess / VP
SIGNATURE/TITLE

Sworn to and subscribed before me this 12 day of August (Month), 2014 (Year) a Notary Public in and for the County/State of Tennessee.

Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11 (Month/Day), 2017 (Year).

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

Copy of Advertisement

To TENNOVA HEALTHCARE

Advertising } PUBLICATION OF INTENT

Certificate of Need - Replacement Hospital

PUBLISHER'S AFFIDAVIT

State of Tennessee }
s.s.
County of Knox }

Before me, the undersigned, a Notary Public in and for said county, this day personally came

D. A. WRIGHT, who, being first duly sworn, according to law,

says that he/she is a duly authorized representative of the Knoxville News-Sentinel, a Daily newspaper published at Knoxville, in said county and state, and that the advertisement of

NOTICE (described above),

of which the annexed is a copy, was published in said paper on the following dates:

August 8, 2014,

and that the statement of account herewith is correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this 12 day

of August, 2014

Notary Public. My Commission expires MY COMMISSION EXPIRES: July 8, 2017 20__

PUBLICATION OF INTENT

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: Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center, Hospital, owned by: Knoxville HMA Holdings, LLC, with an ownership type of Limited Liability Company and to be managed by: Community Health Systems Professional Services Corporation intends to file an application for a Certificate of Need for: a replacement hospital for Physicians Regional Medical Center, currently located at 900 E. Oak Hill Avenue, Knoxville, TN 37917. The site of the proposed replacement hospital is a currently unaddressed site consisting of 110 acres located at the intersection of Middlebrook Pike and Old Weisgarber Road, across from Dowell Springs Boulevard in Knoxville. The project includes constructing and equipping a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating/procedure rooms. Designated health services that will be relocated are acute care services, obstetrical services, critical care services, Level IIB neonatal nursery services, cardiac · catheterization services, extracorporeal shock wave lithotripsy services, open heart surgery, inpatient rehabilitation services, and radiation therapy services. Major medical equipment that will be relocated includes one (1) Positron Emission Tomography unit, one (1) linear accelerator, and two (2) magnetic resonance imaging (MRI) units. No new beds or new healthcare services are proposed in this project. The anticipated total cost of the project is $303,545,204.

The anticipated date of filing the application is: August 13, 2014. The contact person for this project is Melanie Burgess, Asst. Vice President, who may be reached at: Tennova Healthcare – Physicians Regional Medical Center, 930 Emerald Ave., POB Suite 813, Knoxville, Tennessee 37919, (865) 647-5604

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
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.

CERTIFICATE OF NEED APPLICATION

For a

REPLACEMENT HOSPITAL FOR PHYSICIANS REGIONAL MEDICAL CENTER

Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center

August, 2014

Contact:
Melanie B. Burgess
Vice President of Development
Tennova Healthcare
200 E. Blount Avenue, Suite 600
Knoxville, TN 37920

SECTION A:

APPLICANT PROFILE

1. ***Name of Facility, Agency, or Institution***			
Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center			
Name			
900 E. Oak Hill Avenue		**Knox**	
Street or Route		*County*	
Knoxville	**TN**	**37917**	
City	*State*	*Zip Code*	
2. ***Contact Person Available for Responses to Questions***			
Melanie B. Burgess	**Vice President of Development**		
Name	*Title*		
Tennova Healthcare	**melanie.burgess@hma.com**		
Company Name	*Email address*		
930 Emerald Ave, POB Suite 813	**Knoxville**	**TN**	**37917**
Street or Route	*City*	*State*	*Zip Code*
Employee	**865-647-5604**	**865-647-5630**	
Association with Owner	*Phone Number*	*Fax Number*	
3. ***Owner of the Facility, Agency or Institution***			
Knoxville HMA Holdings, LLC		**865-647-5600**	
Name		*Phone Number*	
930 Emerald Ave., POB Suite 813	**Knox**		
Street or Route	*County*		
Knoxville	**TN**	**37919**	
City	*State*	*Zip Code*	

4. ***Type of Ownership of Control (Check One)***

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

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. *Name of Management/Operating Entity (If Applicable)*		
Community Health Systems Professional Services Corporation		
Name		*Phone Number*
4000 Meridican Boulevard	**Davidson**	
Street or Route	*County*	
Nashville	**TN**	**37067**
City	*State*	*Zip Code*

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. ***Legal Interest in the Site of the Institution (Check One)***

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

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

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

A.	Hospital (Specify) General	X	I.	Nursing Home	
B.	Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty		J.	Outpatient Diagnostic Center	
C.	ASTC, Single Specialty		K.	Recuperation Center	
D.	Home Health Agency		L.	Rehabilitation Facility	
E.	Hospice		M.	Residential Hospice	
F.	Mental Health Hospital		N.	Non-Residential Methadone Facility	
G.	Mental Health Residential Treatment Facility		O.	Birthing Center	
H.	Mental Retardation Institutional Habilitation Facility (ICF/MR)		P.	Other Outpatient Facility (Specify)_____	
			Q.	Other (Specify) _____	

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

A.	New Institution		G.	Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, **Decrease**, Designation, Distribution, Conversion, Relocation*]	
B.	Replacement/Existing Facility	X			
C.	Modification/Existing Facility				
D.	Initiation of Health Care Service as defined in TCA §68-11-1607(4) (Specify)_____		H.	Change of Location	
E.	Discontinuance of OB Services		I.	Other (Specify)_____	
F.	Acquisition of Equipment				

9. Bed Complement Data**
Please indicate current and proposed distribution and certification of facility beds.

		Current Beds Licensed	*CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A.	Medical	258		152	192	192
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical	32		16	22	22
E.	ICU/CCU	28		20	32	32
F.	Neonatal	15		6	10	10
G.	Pediatric					
H.	Adult Psychiatric	20*		16		
I.	Geriatric Psychiatric	18*		12		
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation	30		15	16	16
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR					
Q.	Adult Chemical Dependency					
R.	Child and Adolescent Chemical Dependency					
S.	Swing Beds					
T.	Mental Health Residential Treatment					
U.	Residential Hospice					
	TOTAL *CON-Beds approved but not yet in service	401		237	272	272

* Beds marked with an asterisk (*) will remain at their current service address:
Adult Psychiatric and Geriatric Psychiatric at 900 E. Oak Hill Avenue, Knoxville, TN.

** This is the approved licensed bed complement at Physicians Regional Medical Center. A chart showing the total number of licensed beds under Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare provider number is shown as Attachment A.9.

10. Medicare Provider Number **44-0120**
Certification Type **Hospital**

Tennova Healthcare – Physicians Regional Medical Center is the main campus Metro Knoxville HMA, LLC. North Knoxville Medical Center and Turkey Creek Medical Center are satellites of Physicians Regional Medical Center. All three share the same Provider number and hospital license.

11. Medicaid Provider Number **44-0120**
Certification Type **Hospital**

Tennova Healthcare – Physicians Regional Medical Center is the main hospital of Metro Knoxville HMA, LLC. North Knoxville Medical Center and Turkey Creek Medical Center are satellites of Physicians Regional Medical Center. All three share the same Provider number.

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

Not applicable.

13. ***Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.*** **Will this project involve the treatment of TennCare participants?** Yes **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted** ***or plans to contract.***

The TennCare MCOs/BHOs operating in the proposed service area are:

- Blue Cross Blue Care / TennCare Select
- Americhoice

The applicant contracts through master provider agreements with each TennCare MCO/BHO operating in the service area.

- Blue Cross BlueCare / TennCare Select utilizing ValueOptions (MCO). Tennova Healthcare – Physicians Regional Medical Center is listed as a provider with ValueOptions.
- Americhoice TennCare utilizes United Behavioral Health (MCO). Tennova Healthcare – Physicians Regional Medical Center is listed as a provider with United Behavioral Health.

There is no intent to alter our participation in these plans.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

The applicant is in network with all TennCare MCOs/BHOs in the area.

NOTE: ***Section B*** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. ***Section C*** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I.	**Provide a brief executive summary of the project not to exceed two pages.**

Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Project Description

Metro Knoxville HMA, LLC, hereinafter referred to as "Hospital", is a three campus hospital operating under a single license and provider number. The main campus of the Hospital is Tennova Healthcare – Physicians Regional Medical Center ("PRMC"), an acute care, 401 bed, 917,235 square foot, tertiary medical center located at 900 E. Oak Hill Avenue, Knoxville, Tennessee. The Hospital has two satellite locations, North Knoxville Medical Center and Turkey Creek Medical Center. The three campuses ("Hospital") have a total of 610 licensed beds.

The Hospital proposes to construct a replacement facility for PRMC on approximately 110 acres on Middlebrook Pike in Knoxville, nine miles from its current location and approximately one mile from what is now the population center of Knox County, accessible to its entire 15-county service area. For maps showing the proposed location, see attachment B.I.Project Description.1. The Hospital currently holds an option on the property. The option contract is attached as attachment B.I.Project Description.2. The existing facility was built and put into service in 1930 and was expanded twelve times between 1930 and 1999. As a result of the facility's age, operational inefficiencies, accessibility issues for patients, and infrastructure challenges, significant facility upgrades or additions are not financially feasible nor are they an acceptable option for the hospital's medical staff. The intent of the proposed project is to reconstruct PRMC in such a way as to significantly improve its operational efficiency, improve the patient experience through easier access both to the campus as well as within the hospital itself, and to create a facility that is financially sustainable and meets the future needs of the region, the medical staff, and the health system.

Proposed Services and Equipment

The proposal is to move all acute care services and some sub-acute services currently being provided at PRMC to the Middlebrook Pike campus, including Medical/Surgical beds, Surgical services, Women's Health services, Level IIB Nursery services, Intensive Care services, Inpatient Rehabilitation services, and the Transitional Care/Skilled Nursing unit. Because the Skilled Nursing unit is separately licensed, that unit is addressed in a separate Certificate of Need application. Certain sub-acute health services will remain at the existing campus, including Adult Psychiatric services and Geriatric Psychiatric services.

The replacement hospital will consist of 272 beds (excluding SNF) over 556,083 square feet. The proposed project does not involve the initiation of new services or an increase in licensed bed capacity. The Hospital consists of three hospital campuses in Knoxville, which have a total of 610 licensed beds and are operated under a single hospital license. This application seeks to relocate 272 of the 401 licensed beds from the Oak Hill campus (PRMC) to the new facility. In addition to 38 psychiatric beds which will be operated at PRMC, the Hospital also seeks to retain the remaining 91 medical/surgical licensed beds at the Oak Hill campus. The Hospital is conducting a comprehensive bed need analysis across its three metro Knoxville campuses as part of a long range strategic plan. Upon completion of that study, and prior to implementation of a certificate of need for the replacement facility, it will either obtain a waiver from the Tennessee Department of Health to retain the beds in inactive status

for a defined period of time; file additional applications for the relocation of licensed beds to its other facilities; or delicense the 91 beds.

No major medical equipment is being added. Major medical equipment that will be replaced in the project consists of a PET/CT unit and two MRI units. PRMC intends to replace aged existing equipment with the following:

- Two MRI units – GE Optima MR450W 1.5T MR Systems
- One PET/CT unit – GE Discovery NM/CT 670 Integrated with Xeleris 3.1

Ownership Structure

The site of service for this project is Physicians Regional Medical Center, which is the main location of Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare. In metro Knoxville, the Hospital provides inpatient care on three campuses, Physicians Regional Medical Center, North Knoxville Medical Center and Turkey Creek Medical Center. Those three campuses operate under a single hospital license and Medicare provider number.

Metro Knoxville HMA, LLC is owned by Knoxville HMA Holdings, LLC, which is a wholly owned indirect subsidiary of CHS/Community Health Systems, Inc., with corporate offices in Franklin, Tennessee. Please see the attached ownership listing, attachment B.I.Project Description.3.

Service Area

The service area for this project consists of the following 15 counties in Tennessee: Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Monroe, Roane, Scott, Sevier, and Union. Residents of these counties account for approximately 95% of the inpatient services at PRMC. A map of the service area is included as attachment B.I.Project Description.4. It should be noted that this project is not intended to alter PRMC's existing service area.

Need

PRMC is a busy, tertiary medical center located off I-275 on the northern side of Knoxville, in an area of Knox County that was vibrant when the facility was built in 1930. In 2013, PRMC admitted 14,876 patients resulting in 70,887 patient days, with an average acute length of stay of 4.77 and average daily census of 194.

The proposed project is to replace and relocate Physicians Regional Medical Center. Founded in 1930 as St. Mary's Hospital, the facility has had twelve expansions over seven decades, and now consists of 917,235 square feet. Much of the support infrastructure is aged and obsolete, making major renovations or additions cost prohibitive. The layout of the hospital is highly inefficient, as well as difficult for patients and their families to navigate. The physical layout, access, and appearance of the current physical plant are becoming increasingly, if not already, obsolete. The distance between key departments impairs efficient patient flow and staff productivity. This project will improve access to modern, high quality hospital facilities and services for residents of the PRMC service area, as well as result in improved patient flow, operational efficiency, and medical staff satisfaction. The proposed facility is planned at 556,083 square feet, a 40% reduction in size versus the existing hospital, which will have significant impact on utility costs and workflow efficiency.

Project Cost

The total estimated cost of the proposed project is $303,545,204, including the application fee and all associated legal, consulting, and financing costs. This includes the cost of construction, which is $166,824,900 for 556,083 square feet of hospital space, as well as $89,965,908 in replacement equipment.

Funding and Financial Feasibility
The costs of the project will be funded through capital provided by CHS/Community Health Systems, Inc. The project is financially feasible in its first year, as shown in the Project Data Chart.

Staffing
While similar staffing levels are planned for this project as compared to the existing hospital, the efficiencies gained are expected to allow nursing, ancillary, and support staff to focus more time on direct patient care and the fulfillment of critical job duties, minimizing the wasted time currently spent in transporting patients, equipment, food, and supplies throughout a vast and inefficient facility. For a listing of projected staffing levels, see attachment B.I.Project Description.5.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of $5 million) and other facility projects (construction cost in excess of $2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project. If the project involves none of the above, describe the development of the proposal.

Physicians Regional Medical Center is proposing to replace the existing facility and relocate to approximately 110 acres on Middlebrook Pike, nine miles away from its current location. The existing hospital consists of 917,235 square feet of hospital space, plus another 624,265 square feet of medical office building and parking garage space on 21 acres. The facility is licensed for 401 hospital beds, with separate licenses for 25 skilled nursing beds and 18 residential hospice beds. A photo of the existing hospital campus is attached as attachment B.II.A.1.

The existing hospital consists of 13 buildings all interconnected with the exception of the outpatient surgery center. In addition to the hospital buildings,

there is a large parking garage on campus.

Building Name	Year Built	Beds / Major Services
Main Building	1930	Administrative offices
East Wing	1940	Office - HR, Finance, Support Svcs, Chapel
West Wing	1946	Med/Surg units / Wound Care / MRI and CT
St. Joseph's/North Wing	1948 and 1956	Food Services / Offices
McAuley Hall	1952	Engineering / Plant Ops
Marian Wing	1958	LTAC / Med/Surg Units
Annunciation Wing	1966	ED / IP Rehab Gym / Lab / Imaging / SNF
Magdalen Clark Tower	1972	Administration / Med/Surg Units / Psych / MD Office
Central Wing	1980	ICU / CCU / Surgery
Professional Office Building	1980	Physician Offices
Women's Pavilion	1989	OB / Nursery / NICU
Central Wing Annex	1999	Cardiology Offices
Outpatient Surgery Bldg	1999	Outpatient Surgery

The proposed replacement facility will consist of one primary building, laid out as detailed below:

Ground Floor (below grade):

- Pharmacy
- Plant Operations
- Materials Management
- Mechanical/Electrical
- Dietary
- Lab

First Floor (at grade):

- Emergency Department
- Central Registration
- Admitting/Discharge
- Diagnostic Imaging, including 2 MRIs, 2 CTs, 1 PET/CT, 4 general radiology rooms, 4 ultrasound rooms, 2 digital mammography rooms, and 6 nuclear medicine cameras.
- Administrative, business, and support department offices
- Radiation Therapy

Second Floor:

- ICU/CCU
- Surgery – 22 ORs
- 33-bed PACU
- 42-bed Surgery Prep and Recovery area

Third Floor:

- 22-bed Labor and Delivery unit
- 2 C-Section rooms
- 10-bed Level IIB Nursery
- 2, 32-bed Medical/Surgical units (64 beds total)

Fourth Floor:

- 2, 32-bed Medical/Surgical units (64 beds total)
- 25-bed Skilled Nursing unit (separately licensed, addressed in a separate CON application)

Fifth Floor:

- 2, 32-bed Medical/Surgical units (64 beds total)

The replacement facility has been designed with the following key principles in mind:

- Maximum operational efficiency and flexibility
- Easy access and navigation for patients and family members
- Design for future growth with minimum operational disruption

The site topography and zoning provide a natural buffer between the hospital and the neighboring homes. The back 44 acres is protected through agricultural zoning and a slope protection designation. As promised to the City of Knoxville and neighborhood groups during the local land use approval process, if the project is approved, a walking trail will be developed between the hospital and the 44 acres that will remain natural and wooded. The buildable portion of the property, totaling approximately 80 acres, has already been through the local required rezoning and Use on Review processes and has gained all necessary local approvals.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

The bed configuration on the replacement hospital campus will be:

Department	Proposed
Medical/Surgical Beds	192
Obstetrical beds (including GYN)	22
ICU/CCU	32
Neonatal	10
Inpatient Rehabilitation	16
Total	272

*Adult Psychiatric/Geri-Psychiatric , and Residential Hospice beds will remain in their current locations.

The Hospital consists of three hospital campuses in Knoxville, which have a total of 610 licensed beds and are operated under a single hospital license. This application seeks to relocate 272 of the 401 licensed beds from the Oak Hill campus of the Hospital to the replacement facility. In addition to 38 psychiatric beds which will be operated at the Oak Hill campus, the Hospital also seeks to

		retain the remaining 91 medical/surgical licensed beds at the Oak Hill campus. The Hospital is conducting a comprehensive bed need analysis across its three metro Knoxville campuses, as part of a long range strategic plan. Upon completion of that study, and prior to implementation of a certificate of need for the replacement facility, it will either obtain a waiver from the Tennessee Department of Health to retain the beds in inactive status for a defined period of time; file additional applications for the relocation of licensed beds to its other facilities; or delicense the 91 beds.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Reno-vated	New	Total	Reno-vated	New	Total
Operating Rooms	n/a	45,458	n/a	2nd floor	n/a	101,063	101,063	n/a	329.34	$ 33,284,088
Nursing Areas	n/a	208,533	n/a	Multiple	n/a	179,795	179,795	n/a	271.70	$ 48,850,302
Administrative Space	n/a	78,678	n/a	Multiple	n/a	55,566	55,566	n/a	283.84	$ 15,771,853
Diagnostic & Treatment Areas	n/a	129,122	n/a	1st Floor	n/a	77,790	77,790	n/a	290.55	$ 22,601,885
Support Services	n/a	147,933	n/a	Ground	n/a	50,707	50,707	n/a	264.54	$ 13,414,030
Site Preparation	n/a		n/a	n/a	n/a			n/a		$ 12,049,435
B. Unit/Dept GSF Sub-Total		609,724			n/a	464,921	464,921	n/a	313.97	$ 145,971,593
C. Mechanical/Electrical SF		307,510			n/a	91,162	91,162	n/a	228.75	$ 20,853,308
D. Circulation/Structure										
*Included in Mechanical/Electrical										
E. Total GSF		**917,234**			n/a	**556,083**	**556,083**	**n/a**	**300.00**	**$ 166,824,900**

	C.	**As the applicant, describe your need to provide the following health care services (if applicable to this application):** **1. Adult Psychiatric Services** **2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)** **3. Birthing Center** **4. Burn Units** **5. Cardiac Catheterization Services** **6. Child and Adolescent Psychiatric Services** **7. Extracorporeal Lithotripsy** **8. Home Health Services** **9. Hospice Services** **10. Residential Hospice** **11. ICF/MR Services** **12. Long-term Care Services** **13. Magnetic Resonance Imaging (MRI)** **14. Mental Health Residential Treatment** **15. Neonatal Intensive Care Unit** **16. Non-Residential Methadone Treatment Centers** **17. Open Heart Surgery** **18. Positron Emission Tomography** **19. Radiation Therapy/Linear Accelerator** **20. Rehabilitation Services** **21. Swing Beds** No new health services will be initiated. The designated health services which are already offered at Physicians Regional Medical Center which are planned for the replacement hospital are: 3. Birthing Center 5. Cardiac Catheterization Services 7. Extracorporeal Lithotripsy 12. Long-term Care Services (submitted under a separate application) 13. Magnetic Resonance Imaging (MRI) - 2 units 15. Neonatal Intensive Care Unit 17. Open Heart Surgery 18. Positron Emission Tomography 19. Radiation Therapy/Linear Accelerator 20. Rehabilitation Services This application does not include the initiation of these services but rather their relocation. The project will involve replacing aged major medical equipment, including 2 MRI units and a Positron Emission Tomography (PET) unit. The current equipment will be replaced with: • Two MRI units – GE Optima MR450W 1.5T MR Systems • One PET/CT unit – GE Discovery NM/CT 670 Integrated with Xeleris 3.1
	D.	**Describe the need to change location or replace an existing facility.**

		There is a significant need to replace PRMC's existing facility, for a number of reasons. The 84 year old facility is not sustainable in its current form. The baseline costs to replace and/or upgrade facility infrastructure, such as the electrical plant and boiler/chiller system is cost-prohibitive, estimated at $80 million. $80 million in infrastructure upgrades adds significantly to the cost of providing healthcare without improving technology, care delivery, patient flow, or appearance. If PRMC were to invest in the necessary infrastructure upgrades, adding to the building or renovating the existing buildings would only add to the facility's inherent operational inefficiencies. In addition, there is limited ability to reconfigure the facility on the site. The facility is surrounded by other development and was built on a slope. Adding to the building would exacerbate the existing efficiency issues and is more expensive on a per unit basis than a replacement facility. PRMC was built and expanded when the norm was for patients to have lengthy hospital stays. As healthcare has changed, and with the mandates of healthcare reform, care is moving toward a more ambulatory model, making it more and more important that healthcare facilities provide quick and easy access for patients to find the facility, park, and easily navigate the campus. PRMC is inherently unfriendly for patients, since it was built in stages, with no overall long-term plan, requiring patients and family members to navigate long, confusing hallways and multiple elevators to find the department they need. PRMC has a medical staff consisting of approximately 450 affiliated physicians and its affiliated clinic has 87 employed physicians. The medical staff has been clear that their practices require a more competitive, patient-friendly, and efficient hospital. Physicians have "spoken with their feet" by relocating their offices away from PRMC, to places more accessible to their patient base, including several major physician groups that have placed their primary offices at Dowell Springs, across Middlebrook Pike from the proposed replacement hospital site. Active members of the medical staff have been polled and are almost unanimous in their agreement that a replacement hospital is required in order to meet the needs of their patients and their practices. As a responsible healthcare provider, largely dependent on our physicians, we must listen and be responsive to our physician partners who utilize our services to care for their patients. The market forces that were just discussed have become apparent through the data, which show steadily declining volumes for the hospital since the time a replacement hospital was promised in 2008 and not delivered. While the hospital is still very busy, those steadily declining volumes have exacerbated the issue of having an inflexible facility, as well as made it more difficult for PRMC to continue to reinvest in the facility. The health system must prepare for the future by investing in a facility and services that will maximize returns in an increasingly challenging environment in terms of reimbursement models and payment reform. In order to meet the healthcare needs of the service area in the future, PRMC must be financially strong.
	E.	**Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of $1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron**

		emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:		
		1.	**For fixed-site major medical equipment (not replacing existing equipment):**	
			a.	**Describe the new equipment, including:**
				1. Total cost ;(As defined by Agency Rule). **2. Expected useful life;** **3. List of clinical applications to be provided; and** **4. Documentation of FDA approval.** Not applicable.
			b.	**Provide current and proposed schedules of operations.** Not applicable. This project involves replacement equipment only.
		2.	**For mobile major medical equipment:**	
			a.	**List all sites that will be served;**
			b.	**Provide current and/or proposed schedule of operations;**
			c.	**Provide the lease or contract cost**
			d.	**Provide the fair market value of the equipment; and**
			e.	**List the owner for the equipment.** Not applicable.
		3.	**Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.** Not applicable. The project does not involve the acquisition of major medical equipment. However, major medical equipment will be replaced as part of the project. In addition to major medical equipment, this proposal includes the assumption that 90% of the current minor equipment and furnishings will also be replaced. This is a conservative estimate, but given the planned three year development period, it is reasonable to project that the majority of the existing equipment and furnishings will be at or near the end of their useful lives and will require replacement. Please see attachment B.II.E.3 for a detailed inventory of all equipment being purchased for the proposed project, as well as vendor quotations for the major medical equipment being replaced.		
III	**(A)**	**Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:** **1. Size of site (*in acres*);** **2. Location of structure on the site; and** **3. Location of the proposed construction.**		

		4. Names of streets, roads or highway that cross or border the site. ***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.*** The plot plan is attached as attachment B.III.(A).
	(B)	**1. 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.** The proposed site of PRMC's replacement hospital is a 110 acre parcel at the intersection of Middlebrook Pike and Old Weisgarber Road, across from Dowell Springs Boulevard. The site is located approximately one mile from the current population center of Knox County, according to the Knox County Chamber of Commerce data. It is located two turns from I-40/I-75, off the Papermill Road/Weisgarber Road exit (exit #383), which is 2 miles from the I-640 bypass, and 4 miles from I-75 North. The proposed site of PRMC's replacement hospital is located on an existing bus route provided by Knoxville Area Transit, Knoxville's public transportation authority. Located on Route 90, the "Crosstown Connector" route, the proposed site is easily accessible by bus. For a map of all bus routes, see attachment B.III.(B).a. For a map of the "Crosstown Connector" route, with the location of the proposed replacement hospital marked, see attachment B.III.(B).b. During the local land use approval process, it was agreed between Tennova and the City of Knoxville that a covered bus stop will be added to the property at Middlebrook Pike for the convenience of patients, patient family members, and hospital staff. In addition to Knoxville Area Transit, patients in need of transportation may have access through Knoxville Community Action Committee (CAC) Service vans, which provide service to those patients who qualify. The campus is also served by East Tennessee HRA Public Transit (ETHRA) for patients in the service area's rural counties.
IV.	**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" x 11" sheet of white paper.** **NOTE: *DO NOT SUBMIT BLUEPRINTS*. Simple line drawings should be submitted and need not be drawn to scale.** Floor plans for the facility are attached as attachment B.IV.	
V.	**For a Home Health Agency or Hospice, identify:** **1. Existing service area by County;** **2. Proposed service area by County;** **3. A parent or primary service provider;** **4. Existing branches; and**	

	5. Proposed branches. Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 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, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) 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.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

Need

1.	**Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.** The Five Principles to Achieving Better Health in the State Health Plan are: • Healthy Lives • Access to Care • Economic Efficiencies • Quality of Care • Healthcare Workforce This application contributes to the Five Principles, most notably: • Healthy Lives. In the State Health Plan, it is noted that Tennesseans see heart disease, stroke, and high blood pressure as having the greatest impact on the health of state residents. In this section it is also noted that health starts "where we live, work, and learn." This application is focused on providing needed healthcare services to a population at high risk for heart disease, cancer, and respiratory issues, in a location that is accessible to a broad range of patients from across the service area. • Access to Care. Two of the key areas identified in the State Health Plan as impacting access to care are economic access and geographical access. Through both its broad charity care policy as well as full participation in all TennCare and Medicare programs, the Hospital and PRMC strive to ensure care is provided to patients regardless of income, and will continue to do so in a new location. This application also addresses geographical access to care, or as the Health Plan says, "the distance one has to travel to receive comprehensive care." The plan directly identifies strategies that are in keeping with this project to help promote access to care, including ensuring that geography is not a barrier to critical health services. The proposed replacement hospital site is located one mile from the population center of Knox County, and is easily accessible via interstate from all parts of the service area. PRMC currently serves a 15-county service area, and that service area is not expected to change. • Economic Efficiencies. The State Health Plan identifies one of the key elements in providing economically efficient healthcare as "balancing competitive markets, health systems, and economic efficiencies." In order for PRMC to continue to be a competitive hospital provider and economically viable, it must provide services in a location that is significantly more operationally efficient and in a setting that is attractive to patients and to physicians. • Quality of Care. The 2012 State Health Plan update describes high-quality healthcare as care that is: o Safe

- Effective
- Patient-centered
- Timely
- Efficient
- Equitable

This project seeks to improve safety by replacing aged and inefficient facilities and equipment with modern, state-of-the-art facilities. The project is patient-centered by ensuring convenient access for patients in every part of the service area, as well as by providing an internal environment that is more conducive to the healing process. The project is efficient in terms of improving efficiencies and scaling down acute care services in keeping with the new healthcare environment. The Hospital is committed to providing care in an equitable way, providing the same level of care regardless of race, gender, ethnicity, or socioeconomic status. At PRMC there is a strong commitment to continuing to provide services that are accessible to all patients.

- Healthcare Workforce. One of the stated strategies in the State Health Plan around the Healthcare Workforce is to "assure the health care workforce is trained to provide high quality and culturally competent care." If the project is approved, the existing hospital staff will be transferred to the replacement hospital, ensuring that well-trained and highly competent staff members are retained and that patients receive care from experienced, dedicated nurses and support staff. In addition, improved efficiency should help ease increasing demand for nurses and other patient care staff, thus benefiting the entire market, including PRMC's competitors.

A. Please provide a response to each criterion and standard in Certificate of Need categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Not applicable. No new services are being initiated.

B. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

The General Criterion and Standards for the relocation or replacement of an existing licensed healthcare institution are:

(a) The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

Several options were considered before settling on the decision to build a replacement hospital. The medical staff has been requesting a replacement facility or significant upgrade for PRMC for approximately ten years, since before the 2008 merger between St. Mary's Health System and Baptist Hospital of East Tennessee. Over the years, several plans have been developed to

renovate the existing hospital, but renovation does not solve the hospital's critical issues:

1) Efficiency and accessibility issues. The existing campus has 1.5 million square feet including medical office buildings and parking garages and is spread over 13 buildings. The topography of the site, as well as the compressed acreage and lack of a cohesive master plan in the early decades of the hospital, drove development of buildings that are not easily navigable or reached from one another. The long distances and multiple elevators required are challenging for sick patients, confusing for family members, and inefficient for staff. While space to add another tower or patient care facility is very limited, it is possible to do on the existing site. However, additional space would only add to the efficiency and accessibility issues.

   Historic payment models were such that hospitals could afford to maintain higher levels of staffing in order to support a larger physical footprint and less efficient flow. With new payment models, downward pressure on reimbursement rates by governmental payers, and the rise of observation stays with their low levels of payment, hospitals like PRMC must focus resources on direct patient care and mission-critical support activities.

2. Infrastructure issues. The 13 buildings on the existing campus share electrical and HVAC infrastructure, making it very difficult and expensive to modify for renovation or additions. The entire campus is served by a single power plant with an interconnected electrical system. The hospital is served by three chillers, ranging in age from 17 to 37 years, and two boilers, one installed in 1955 and one in 1977. The estimate to upgrade and replace the hospital infrastructure, which would be required in any major renovation or addition, is $80 million. This cost contributes nothing to the improvement of health services while adding to the cost of delivering healthcare.

3. Medical staff demand. The 450 members of PRMC's medical staff have overwhelmingly voiced concern that the existing hospital facility is no longer acceptable for many patients who are choosing to receive care in newer and more easily accessible environments. Because of the age and inaccessibility of the campus, as well as patient feedback, many physicians have chosen to move their offices away from PRMC. For a listing of physician offices that have moved off campus over the past five years, see attachment C.Need.B.3. Several of the large groups have relocated to the Dowell Springs outpatient campus, which is across Middlebrook Pike from the proposed replacement hospital location.

   PRMC is home to one of the highest-rated joint replacement and orthopedic programs in the State. The providers have been requesting improved facilities for their patients for years, including dedicated nursing units, an upgraded skilled nursing unit co-located with the orthopedic unit for post-acute care, patient-friendly educational space, and greater ease of accessibility. Over the past

10 years, various plans have been developed to attempt to meet these needs on the existing campus, but the configuration of the existing buildings and the infrastructure issues have made those plans infeasible.

As previously noted, renovation of the existing hospital will not resolve the critical issues facing the hospital in its current location. Cost estimates were developed for facility renovation. While the simple capital cost of renovation is lower than the cost to build a replacement facility, renovation also includes:

- Higher operational costs due to inefficiency (utilities, staff time)
- Lower patient and medical staff satisfaction (patient satisfaction has financial impact today through CMS' Value Based Purchasing program)
- Continued volume losses due to physician and patient dissatisfaction with the current facility

Cost to Renovate Existing Hospital ($ millions)		
Infrastructure upgrades	$	80
Five years' maintenance	$	75
Equipment replacement	$	80
Renovation for orthopedics	$	15
Renovation for cardiology	$	12
5 year capital investment	**$**	**262**

An estimated investment of $262 million to stay in a facility that would still have inherent inefficiencies for staff and accessibility issues for patients is not a wise investment, relative to investing $303 million in a facility that will enhance efficiencies and provide a positive patient and medical staff experience for decades to come. On the strict basis of initial capital costs, the costs to renovate appear lower than the costs to build a replacement hospital, but what must also be considered is the lost volume due to physicians moving procedures and hospital admissions to competitor hospitals, in response to the system not providing a replacement hospital when one was promised by previous ownership, in 2008.

(b) The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

As part of the internal assessment completed to determine whether or not to pursue building a replacement hospital, a careful analysis was conducted to determine future demand for PRMC's services. PRMC is the Hospital's largest and busiest campus, with 401 beds as compared to 108 at North Knoxville Medical Center. While PRMC's volumes have declined over the last several years in the wake of changing leadership as well as an aging facility, patient volumes are still substantial.

PRMC Key Statistics

	2013
Admissions	14,876
Patient Days	70,887
IP Surgeries	4,698
OP Surgeries	9,305
ICU/CCU Admissions	3,631
ED Visits	45,827
Births	1,427
Level IIB Nursery Admissions	186
Cardiac Catheterizations	3,998
Open Heart Surgeries	325
PET/CT scans	1,909
MRI scans	3,993
Radiation therapy treatments	3,801
IP Rehabilitation admissions	363
Lithotripsy procedures	235

It is expected that building the replacement facility will stop the decline in volumes due to physician attrition, since we will be providing them with a competitive facility in which to serve their patients. The volume projections for this hospital project include stabilizing the current volumes, with future growth coming through physician recruiting and population growth. The following physicians have been recruited or are part of the recruitment plans for 2014 and 2015:

Specialty	Qty
Primary Care (Family Medicine/Internal Medicine)	3
Obstetrics	1
General Surgery	1
Interventional Cardiology	2
Cardiology - EP	1
Neurology	3
Neurosurgery	2
Gastroenterology	2
Otolaryngology	1
Vasculary Surgery	1
	17

In addition to the volumes expected through physician recruiting, population in the service area is expected to grow by 5.2% over the next five years, which is an annual growth rate of 1.04%. Taking PRMC's baseline volume numbers for 2013 and including population growth of 1.04% per year, as well as volumes projected due to physician recruiting, the following volumes are projected.

	2013	2014 Annualized	2015	2016	2017	2018 - Project Year 1	2019 - Project Year 2
Admissions	14,876	13,492	13,627	13,763	13,901	14,457	15,035
Patient Days	70,887	60,444	61,048	61,659	62,276	64,767	67,357
IP Surgeries	4,698	4,891	4,940	4,989	5,039	5,241	5,450
OP Surgeries	9,305	8,643	8,729	8,817	8,905	9,261	9,632
ICU/CCU Admissions	3,631	3,401	3,435	3,469	3,504	3,644	3,790
ED Visits	45,827	43,334	43,767	44,205	44,647	46,433	48,290
Births	1,427	1,406	1,420	1,434	1,449	1,507	1,567
Level IIB Nursery Admissions	186	174	176	177	179	186	194
Cardiac Catheterizations	3,998	4,742	4,789	4,837	4,886	5,081	5,284
Open Heart Surgeries	325	362	366	369	373	388	403
PET/CT scans	1,909	842	850	859	868	902	938
MRI scans	3,993	5,124	5,175	5,227	5,279	5,490	5,710
Radiation therapy treatments	3,801	3,516	3,551	3,587	3,623	3,767	3,918
IP Rehabilitation admissions	363	341	344	348	351	365	380
Lithotripsy procedures	235	198	200	202	204	212	221

There is more than enough need for the healthcare services PRMC provides, and this project will allow the Hospital to continue providing those services in a way that is more economically feasible, efficient, and better meets the needs of both patients and physicians.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

The Hospital operates under the Tennova Healthcare brand identity and was previously known as Mercy Health System, which was formed in the 2008 merger of the St. Mary's and Baptist Health Systems. At that time, Mercy's leadership acknowledged that the combined system's hospital facilities needed to be right-sized as part of a long-range plan. That process began with the closure of Baptist Hospital of East Tennessee and has continued under new ownership with the development of additional services and capabilities at the Hospital's two other metro-Knoxville campuses, North Knoxville Medical Center and Turkey Creek Medical Center. In 2013, the Hospital relinquished 293 beds, removing excess capacity from the market.

This application does not seek to regain any of the beds that were relinquished, but rather seeks to continue the long-range process of systematically right-sizing and maximizing the use, efficiency, and capability of the Hospital's healthcare facilities. In keeping with the changing nature of healthcare and the reimbursement challenges facing all hospital providers, building a replacement hospital for PRMC will allow the Hospital to optimize its resources while minimizing excess capacity in the overall system. It will enable the Hospital to offer services in the least acute care setting possible, in a patient-friendly environment that is also highly efficient. This approach has been successfully utilized by other hospital systems across Tennessee, including several projects within this project's service area, such as the replacement facilities built for LeConte and Roane Medical Centers.

3. Identify the proposed service area and justify the reasonableness of that

proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

The proposed service area for the project is a fifteen (15) county region of East Tennessee with Knoxville and Knox County at its center. The service area represents counties from which Physicians Regional Medical Center has historically drawn 95% of its inpatients. A map of the service area is attached as attachment C.Need.3. Because PRMC is a tertiary medical center with a regional reach, the current service area of the hospital is not expected to change with the relocation of the facility.

4. A. Describe the demographics of the population to be served by this proposal.

In aggregate the service area is home to 1,197,466 residents, of which 982,449 are adults 15 and older. As a hospital that does not provide pediatric services, PRMC's targeted population is 15 years of age and older.

The table below summarizes 2014 service area population by county and age cohort based on projections published by Tennessee Department of Health.

PRMC SERVICE AREA POPULATION BY AGE COHORT
2014 ESTIMATES

COUNTY	AGES 0-14	AGES 15-44	AGES 45-64	AGES 65-74	AGES 75-84	AGES 85+	TOTAL
Anderson	12,597	26,646	22,805	8,120	4,251	2,160	76,579
Blount	22,122	46,678	36,448	13,786	6,712	2,622	128,368
Campbell	7,248	15,085	11,527	4,626	2,297	691	41,474
Claiborne	5,428	12,235	9,061	3,607	1,747	526	32,604
Cocke	7,183	13,178	9,732	4,086	1,989	594	36,762
Grainger	4,152	8,259	6,496	2,662	1,210	332	23,111
Hamblen	12,184	24,019	16,636	6,593	3,461	1,215	64,108
Jefferson	12,658	16,475	14,624	6,201	2,956	815	53,729
Knox	79,869	184,855	122,513	39,019	19,270	8,103	453,629
Loudon	7,706	15,910	14,599	7,722	3,804	1,185	50,926
Monroe	10,877	13,257	13,020	5,712	2,454	772	46,092
Roane	8,525	17,679	16,380	6,759	3,356	1,307	54,006
Scott	4,372	8,252	5,779	2,151	1,038	352	21,944
Sevier	16,539	35,009	26,517	10,446	4,808	1,514	94,833
Union	3,557	6,946	5,627	2,033	882	256	19,301
Total	215,017	444,483	331,764	123,523	60,235	22,444	1,197,466
TENNESSEE	1,247,629	2,601,052	1,758,033	587,456	285,951	108,577	6,588,698

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

The service area population by county is presented in the table below, excluding

those younger than 15.

Between 2014 and 2019, the service area is expected to grow by 62,257 residents, an overall growth rate of 5.2%. Its growth will outpace that of the State, which will experience a 4.6% increase. Several counties in the service area are expected to experience greater than average growth rates, such as Knox County with more than 27,000 new residents and a 6% growth factor, Blount County with nearly 9,000 new residents for a 6.8% increase, and Sevier County which is expected to grow by more than 7,000 people representing a 7.5% increase. All 15 counties will experience a growth in population.

PRMC SERVICE AREA POPULATION
AGES 15+
CALENDAR YEARS 2014 THROUGH 2019

COUNTY	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Anderson	63,982	64,514	64,988	65,403	65,809	66,217
Blount	106,246	107,786	109,494	111,070	112,663	114,387
Campbell	34,226	34,576	34,867	35,146	35,364	35,571
Claiborne	27,176	27,303	27,403	27,516	27,598	27,720
Cocke	29,579	29,660	27,449	29,830	29,929	30,047
Grainger	18,959	19,022	19,084	19,164	19,223	19,309
Hamblen	51,924	52,348	52,808	53,283	53,667	54,077
Jefferson	41,071	45,313	46,065	46,767	47,434	48,151
Knox	373,760	378,873	383,995	388,902	393,823	398,780
Loudon	43,220	43,894	44,535	45,174	45,759	46,324
Monroe	35,215	38,505	39,071	39,649	40,298	40,939
Roane	45,481	45,712	45,935	46,160	46,338	46,521
Scott	17,572	17,591	17,637	17,699	17,779	17,877
Sevier	78,294	79,506	80,722	81,879	83,165	84,450
Union	15,744	15,844	15,986	16,148	16,280	16,429
Service Area	982,449	1,000,447	1,010,039	1,023,790	1,035,129	1,046,799
TENNESSEE	5,341,069	5,400,137	5,457,971	5,514,469	5,569,916	5,625,869

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

Service Area population growth for those ages 15 and older, by county, between

2014 and 2019 is presented below.

PRMC SERVICE AREA POPULATION CHANGE AGES 15+ 2014 ESTIMATE AND 2019 FORECAST				
	Population Counts		2014-2019 Change	
COUNTY	2014 Estimate	2019 Forecasted	Change	Percent Change
Anderson	63,982	66,217	2,235	3.5%
Blount	106,246	114,387	8,141	7.7%
Campbell	34,226	35,571	1,345	3.9%
Claiborne	27,176	27,720	544	2.0%
Cocke	29,579	30,047	468	1.6%
Grainger	18,959	19,309	350	1.8%
Hamblen	51,924	54,077	2,153	4.1%
Jefferson	41,071	48,151	7,080	17.2%
Knox	373,760	398,780	25,020	6.7%
Loudon	43,220	46,324	3,104	7.2%
Monroe	35,215	40,939	5,724	16.3%
Roane	45,481	46,521	1,040	2.3%
Scott	17,572	17,877	305	1.7%
Sevier	78,294	84,450	6,156	7.9%
Union	15,744	16,429	685	4.4%
Service Area	982,449	1,046,799	64,350	6.5%
TENNESSEE	5,341,069	5,625,869	284,800	5.3%

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

While the overall service area population (ages 15 and older) is expected to grow 6.5% in the ensuing five years, the 65 and older cohort is expected to experience more significant growth, 16.7% between 2014 and 2019. Senior population along with other service area population and demographic characteristics are discussed in response to question 4B below.

B. 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.

The Applicant intends to serve all residents of the service area and beyond, including those with unique demographic characteristics, health disparities, the elderly, women, racial and ethnic minorities, low-income groups and others. These groups are discussed below.

Senior Population

The service area is home to more than 206,000 residents age 65 and older. This cohort is expected to grow by 16.7% between 2014 and 2019. Knox County will experience the greatest growth rate (23.1%), an increase of more than 15,000 seniors, and Sevier County is anticipated to grow by more than 3,000 seniors. Knox and Sevier Counties have the first and second greatest concentration of senior population in the 15 county service area. Sevier County is contiguous to the southeast of Knox County. All 15 counties will experience a growth in this older adult population.

The service area's 16.7% growth rate in the senior population is expected to exceed the State's senior adult growth rate of 15.5%. The following table summarizes the current and expected population 65 years of age and older, by county, for 2014 and forecasted 2019, as well as the expected growth, numerical and percent change.

PRMC SERVICE AREA POPULATION CHANGE, AGES 65+
2014 ESTIMATE AND 2019 FORECAST

	Population Count		2014-2019 Change	
COUNTY	2014 Estimate	2019 Forecasted	Change	Percent Change
Anderson	14,531	16,737	2,206	15.2%
Blount	23,120	26,507	3,387	14.6%
Campbell	7,614	8,241	627	8.2%
Claiborne	5,880	6,471	591	10.1%
Cocke	6,669	6,905	236	3.5%
Grainger	4,204	4,607	403	9.6%
Hamblen	11,269	12,198	929	8.2%
Jefferson	9,972	11,606	1,634	16.4%
Knox	66,392	81,757	15,365	23.1%
Loudon	12,711	14,488	1,777	14.0%
Monroe	8,938	10,680	1,742	19.5%
Roane	11,422	12,863	1,441	12.6%
Scott	3,541	3,927	386	10.9%
Sevier	16,768	19,842	3,074	18.3%
Union	3,171	3,789	618	19.5%
Service Area	206,202	240,618	34,416	16.7%
TENNESSEE	981,984	1,134,565	152,581	15.5%

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

As indicated by the previous table, residents in the service area are aging and in

fact, the growth amongst seniors is expected to account for half the total adult growth. This is significant when planning healthcare services for the future. The proposed PRMC replacement hospital will provide a much needed resource in the community to ensure seniors as well as the population at large are most appropriately served in a facility built for the future.

Female Population

Female population, ages 15 to 44, was separately evaluated since it serves as a basis for projecting obstetrics utilization. In aggregate, the service area is home to 230,853 female residents between 15 and 44 years of age. Female population in the service area, aged 15 to 44, presented by county in the next table, for 2014 and each of the ensuing five years.

PRMC SERVICE AREA FEMALE POPULATION
AGES 15 TO 44
CALENDAR YEARS 2014 THROUGH 2019

COUNTY	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Anderson	13,224	13,170	13,140	13,155	13,223	13,405
Blount	23,473	23,712	24,009	24,336	24,702	25,162
Campbell	7,543	7,666	7,709	7,762	7,806	7,865
Claiborne	6,182	6,174	6,145	6,152	6,154	6,192
Cocke	6,712	6,879	7,020	7,196	7,387	7,569
Grainger	4,076	4,074	4,146	4,190	4,249	4,332
Hamblen	11,732	11,833	11,922	12,055	12,182	12,343
Jefferson	9,939	10,088	10,237	10,405	10,535	10,717
Knox	92,445	92,312	92,214	92,158	92,350	92,763
Loudon	7,870	7,909	7,898	7,899	7,865	7,857
Monroe	7,887	7,885	7,845	7,842	7,900	7,972
Roane	8,795	8,803	8,771	8,721	8,714	8,714
Scott	4,112	4,080	4,076	4,073	4,111	4,165
Sevier	17,173	17,369	17,551	17,725	18,007	18,370
Union	3,407	3,380	3,379	3,390	3,399	3,427
Service Area	224,570	225,334	226,062	227,059	228,584	230,853
TENNESSEE	1,301,018	1,306,684	1,310,964	1,317,765	1,326,526	1,337,422

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

Between 2014 and 2019 the female population, ages 15 through 44, is anticipated to grow by more than 6,200 in the 15 county service area, resulting in a 2.8% growth rate. The service area's 2.8% projected growth is equivalent to the projected growth rate for the State. This information is summarized below.

PRMC SERVICE AREA FEMALE POPULATION CHANGE,

AGES 15 THROUGH 44 2014 ESTIMATE AND 2019 FORECAST				
	Population Count		2014-2019 Change	
COUNTY	2014 Estimate	2019 Forecasted	Change	Percent Change
Anderson	13,224	13,405	181	1.4%
Blount	23,473	25,162	1,689	7.2%
Campbell	7,543	7,865	322	4.3%
Claiborne	6,182	6,192	10	0.2%
Cocke	6,712	7,569	857	12.8%
Grainger	4,076	4,332	256	6.3%
Hamblen	11,732	12,343	611	5.2%
Jefferson	9,939	10,717	778	7.8%
Knox	92,445	92,763	318	0.3%
Loudon	7,870	7,857	(13)	-0.2%
Monroe	7,887	7,972	85	1.1%
Roane	8,795	8,714	(81)	-0.9%
Scott	4,112	4,165	53	1.3%
Sevier	17,173	18,370	1,197	7.0%
Union	3,407	3,427	20	0.6%
Service Area	224,570	230,853	6,283	2.8%
TENNESSEE	1,301,018	1,337,422	36,404	2.8%

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, and NHA Analysis

There will continue to be a significant need for obstetrical services in the service area.

Age of Population

The median age in the Service Area is 40.8 years and the average age is 40.5.

PRMC Service Area Median and Average Age Calendar Year 2014		
County	Median Age	Average Age
Anderson	43.4	42.1
Blount	42.5	41.4
Campbell	42.8	41.7
Claiborne	42.2	41.4
Cocke	44.2	42.2
Grainger	43.2	41.5

Hamblen	40.2	40.1
Jefferson	41.7	40.9
Knox	37.8	38.8
Loudon	47.0	44.3
Monroe	42.4	41.2
Roane	46.0	43.5
Scott	38.8	38.9
Sevier	41.9	40.9
Union	40.7	39.8
Service Area	40.8	40.5

Source: Claritas, Inc. and NHA Analysis

Household Characteristics

The service area is home to 475,511 households, an increase from nearly 467,000 as of the 2010 Census. The number of households in the 15 county service area is expected to increase to 489,429 by 2019. The average household income in the service area is $56,910 and the median income is $35,346. Household statistics by county for the service area follow.

	Number of Households			Household Income	
County	2010 Census	2014 Estimate	2019 Projection	Median	Average
Anderson	31,253	31,461	32,044	$43,918	$57,715
Blount	49,265	49,883	51,012	$44,083	$55,729
Campbell	16,354	16,106	16,034	$30,319	$39,769
Claiborne	12,853	12,563	12,363	$34,902	$45,640
Cocke	14,788	14,790	14,974	$27,994	$38,200
Grainger	9,029	9,022	9,098	$30,444	$41,331
Hamblen	24,560	24,526	24,722	$37,944	$50,478
Jefferson	19,864	20,349	21,070	$38,436	$51,011
Knox	177,249	183,063	190,856	$46,746	$64,913
Loudon	19,826	20,711	21,818	$51,749	$65,608
Monroe	17,711	18,141	18,745	$35,346	$48,079
Roane	22,376	21,918	21,685	$46,512	$62,328
Scott	8,671	8,658	8,739	$29,535	$38,483
Sevier	35,343	36,916	38,806	$42,674	$51,852
Union	7,391	7,404	7,463	$32,358	$41,909
Service Area	466,533	475,511	489,429	$42,264	$56,910
TENNESSEE	2,493,552	2,568,174	2,668,110	$43,390	$59,239

Source: Claritas, Inc. and NHA Analysis

The service area's median and average household incomes are 2.7% and 4.1% lower than the State of Tennessee overall, respectively.

Education Attainment

In terms of educational attainment, the State overall is slightly more educated than the service area population; 22.2% of the service area residents age 25 and older hold a Bachelor's Degree or higher compared to the State population of 23.3%.

PRMC SERVICE AREA
PERCENT OF POPULATION AGE 25+ BY EDUCATION ATTAINMENT

COUNTY	> 9th Grade	Some High School	High School Grad	Some College, No Degree	Assoc. Degree	Bach. Degree	Master's Degree	Profess School Degree	Doctor. Degree
Anderson	5.80%	10.00%	36.00%	21.10%	5.60%	11.20%	7.00%	1.00%	2.40%
Blount	4.70%	9.10%	36.10%	21.90%	7.20%	13.00%	5.90%	1.20%	1.00%
Campbell	36.00%	13.90%	16.40%	41.80%	14.50%	6.10%	2.40%	0.60%	0.30%
Claiborne	14.20%	13.70%	40.00%	14.30%	4.90%	7.80%	3.70%	1.00%	0.60%
Cocke	12.40%	14.20%	45.30%	14.90%	5.30%	4.40%	2.60%	0.60%	0.40%
Grainger	15.50%	15.30%	42.70%	14.60%	3.80%	4.90%	1.90%	0.90%	0.40%
Hamblen	10.20%	10.20%	37.70%	20.10%	5.80%	9.90%	4.00%	1.40%	0.60%
Jefferson	7.80%	13.00%	39.00%	21.20%	6.00%	7.70%	4.10%	0.60%	0.60%
Knox	3.90%	6.50%	27.00%	20.90%	8.50%	20.90%	7.80%	2.60%	2.00%
Loudon	7.40%	7.90%	32.70%	21.00%	6.80%	15.90%	5.70%	1.40%	1.30%
Monroe	11.40%	12.40%	41.70%	19.40%	5.70%	5.90%	2.60%	0.60%	0.40%
Roane	5.90%	11.00%	37.10%	21.20%	7.40%	10.70%	4.90%	0.60%	1.10%
Scott	9.80%	15.40%	42.80%	15.60%	6.80%	5.50%	3.10%	0.50%	0.60%
Sevier	6.70%	11.70%	38.60%	22.60%	7.20%	7.70%	3.70%	1.00%	1.00%
Union	15.90%	13.80%	45.00%	13.60%	5.00%	4.40%	1.70%	0.20%	0.30%
Service Area	6.80%	9.60%	34.20%	20.20%	7.00%	13.70%	5.60%	1.60%	1.30%
STATE	6.20%	9.80%	11.40%	21.10%	6.10%	15.10%	5.60%	1.50%	1.10%

Source: Claritas, Inc. and NHA Analysis

TennCare Enrollees & Percent Below Poverty

There are nearly 205,000 TennCare enrollees in the service area, of which more than 62,000 reside in Knox County. TennCare enrollees as a percent of total county population range between 13.7% in Knox County to 31.7% in Scott County. 18.1% of the entire State's population is enrolled in TennCare. Nine of the 15 service area counties have greater percentages of their population enrolled in TennCare than the State average.

More than 16% of the service area's population is below the Federal poverty line, compared to 17.3% statewide. As with TennCare enrollment, 9 of the 15 service area counties have greater percentages of population below the poverty line than the State average. This information is presented on the table on the following page.

County	TennCare Enrollees	TennCare Enrollees as % of Total	Persons Below Poverty Level	Persons Below Poverty Level as % of Total
Anderson	13,771	18.00%	12,789	16.70%
Blount	18,646	14.50%	16,303	12.70%
Campbell	11,435	27.60%	9,829	23.70%
Claiborne	7,809	24.00%	7,499	23.00%
Cocke	9,766	26.60%	9,558	26.00%
Grainger	4,915	21.30%	4,668	20.20%
Hamblen	12,995	20.30%	11,924	18.60%
Jefferson	10,161	18.90%	10,316	19.20%
Knox	62,331	13.70%	64,415	14.20%
Loudon	7,026	13.80%	7,435	14.60%
Monroe	9,871	21.40%	8,896	19.30%
Roane	9,590	17.80%	7,777	14.40%
Scott	6,963	31.70%	5,662	25.80%
Sevier	15,120	15.90%	12,708	13.40%
Union	4,364	22.60%	4,362	22.60%
Service Area	204,763	17.10%	194,141	16.20%
Tennessee	1,190,766	18.10%	1,139,845	17.30%

Source: Tennessee Population Projections 2010-2020, Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, 2013 Revision, Claritas, Inc., U.S. Census Bureau and NHA Analysis

In addition to TennCare and poverty statistics, there are Medically Underserved Areas and Populations within PRMC's service area, as well as Health Professional Shortage Areas, as defined by the U.S. Department of Health and Human Services.

County	Medically Underserved Area / Population	Health Professional Shortage Area (Primary Care)
Anderson	Partial	No
Blount	Partial	No
Campbell	All	Yes
Claiborne	All	Yes
Cocke	All	Yes
Grainger	All	Yes
Hamblen	Partial	No
Jefferson	Partial	No
Knox	Partial	No
Loudon	All	No
Monroe	All	Yes
Roane	All	Yes
Scott	All	Yes
Sevier	Partial	Yes
Union	All	Yes

To summarize, key findings based on this data include the following:

- The target population is expected to grow 4.6% between 2014 and 2019;
- The target population accounts for 83% of total population in the service area;
- The service area's median age is 40.8 years;
- The median household income in the 15 county service area is $42,264;
- There are nearly 205,000 TennCare enrollees in the Service Area with Knox County accounting for 30.4% of these enrollees.
- TennCare enrollees as a percent of total county population range between 13.7% in Knox County to 31.7% in Scott County;
- More than 17% of the entire service area's population is enrolled in TennCare;
- 16.2% of the service area's total population is below the poverty line. Blount County has the lowest ratio of population below poverty, only 12.7%. In contrast, Scott and Cocke Counties have 25.8% and 26% of their population counts, respectively, below the poverty line.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions 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. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Hospital Providers

The 15 county Service Area is home to 20 medical/surgical hospitals dispersed amongst 12 of these 15 counties.

The Hospital is affiliated with the following separately licensed facilities that also operate under the Tennova Healthcare brand identity:

- Lafollette Medical Center (Campbell County)
- Newport Medical Center (Cocke County)
- Jefferson Memorial Hospital (Jefferson County)

To see the 2012 utilization rates for each of the hospital providers in the service area, see the table below. The three campuses of the Hospital are listed separately.

SERVICE AREA HOSPITAL PROVIDERS
CALENDAR YEAR 2012

HOSPITAL	County	Beds	Admits/ Discharges	Patient Days	ADC	Occupancy Rate	Outpatient Visits
PRMC	Knox	401	15,563	74,903	205.2	51.20%	174,951
University of TN Med Ctr	Knox	581	23,907	136,604	374.3	64.40%	215,984
Ft. Sanders Regional Med Ctr	Knox	517	16,206	86,156	236	45.70%	223,025
Parkwest Medical Center	Knox	307	16,223	75,068	205.7	67.00%	152,558
Blount Memorial	Blount	304	11,650	51,691	141.6	46.60%	185,992
Methodist of Oak Ridge	Anderson	301	11,022	48,308	132.4	44.00%	165,848
Morristown - Hamblen Healthca	Hamblen	167	6,705	25,436	69.7	41.70%	91,213
Lakeway Regional Hospital	Hamblen	135	3,242	14,064	38.5	28.50%	48,354
Tennova - North Knoxville	Knox	108	3,281	14,922	40.9	37.90%	99,237
Roane Medical Center	Roane	105	1,694	6,620	18.1	17.30%	49,983
Turkey Creek Medical Center	Knox	101	4,475	16,853	46.2	45.70%	70,515
Claiborne County Hospital	Claiborne	85	1,590	7,491	20.5	24.10%	471,630
LeConte Medical Center	Sevier	79	4,289	13,269	36.4	46.00%	120,144
Tennova - Newport Med Ctr	Cocke	74	2,571	7,607	20.8	28.20%	50,583
Tennova - LaFollette Med Ctr	Campbell	66	2,324	11,429	31.3	47.40%	63,104
Sweetwater Hospital Assoc.	Monroe	59	2,268	10,251	28.1	47.60%	85,061
Tennova - Jefferson Memorial	Jefferson	58	2,300	8,565	23.5	40.50%	54,067
Jellico Cmmty Hospital	Campbell	54	1,537	4,724	12.9	24.00%	40,110
Fort Loudon Medical Center	Loudon	50	1,724	6,195	17	33.90%	73,105
Service Area Total (*)		3,552	132,571	620,156	1,699	47.80%	2,435,464

The three-year trend in admissions and patient days is shown below.

SERVICE AREA HOSPITAL PROVIDERS
ADMISSION AND PATIENT DAY TREND
CALENDAR YEAR 2010 THROUGH 2012

HOSPITAL	*Admissions/Discharges*			*Patient Days*		
	2010	2011	2012	2010	2011	2012

Physicians Regional Medical Center	19,680	17,639	15,563	84,826	82,081	74,903
Methodist Med Ctr of Oak Ridge	11,592	11,108	11,022	50,794	51,464	48,308
Blount Memorial Hospital	12,144	12,107	11,650	54,889	54,809	51,691
Tennova - Lafollette Med Ctr	2,508	2,315	2,324	12,804	11,370	11,429
Jellico Community Hospital	1,803	1,744	1,537	5,590	5,890	4,724
Claiborne County Hospital	2,140	1,880	1,590	7,826	7,937	7,491
Tennova - Newport Med Ctr	1,893	2,075	2,571	5,338	5,999	7,607
Lakeway Regional Hospital	3,162	3,474	3,242	13,093	15,519	14,064
Morristown - Hamblen Healthcare	7,108	6,747	6,705	28,167	26,725	25,436
Tennova - Jefferson Memorial	2,489	2,410	2,300	9,787	9,061	8,565
Turkey Creek Medical Center	4,782	4,590	4,475	19,726	18,265	16,853
Fort Sanders Regional Med Ctr	16,034	15,543	16,206	89,061	88,758	86,156
Parkwest Medical Center	16,889	17,169	16,223	75,583	77,646	75,068
North Knoxville Medical Center	2,974	2,901	3,281	13,103	12,251	14,922
University of Tennessee Memorial	23,882	23,629	23,907	137,257	137,141	136,604
Fort Loudon Medical Center	1,979	1,811	1,724	6,656	6,629	6,195
Sweetwater Hospital Association	2,480	2,545	2,268	10,557	11,465	10,251
Roane Medical Center	2,338	1,973	1,694	8,312	7,452	6,620
LeConte Medical Center	3,796	3,892	4,289	11,046	12,669	13,269
Scott County Hospital	1,899	1,879	--	5,432	5,287	--
Service Area Total	141,572	137,431	132,571	649,847	648,418	620,156

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital is licensed for 25 beds but did not report in 2012

The above decline in utilization at nearly every service area hospital resulted in an overall occupancy rate amongst all 20 hospitals of 47.8 percent in 2012, down from 49.8 percent occupancy in 2010. A summary of occupancy by year at each of the Service Area hospitals is presented in the following table.

SERVICE AREA HOSPITAL PROVIDERS
OCCUPANCY RATE TREND
CALENDAR YEAR 2010 THROUGH 2012

HOSPITAL	2010	2011	2012
Physicians Regional Medical Center	58.0%	56.1%	51.2%
Methodist Med Ctr of Oak Ridge	46.2%	46.8%	44.0%
Blount Memorial Hospital	49.5%	49.4%	46.6%
Tennova - Lafollette Med Ctr	53.2%	47.2%	47.4%
Jellico Community Hospital	28.4%	29.9%	24.0%
Claiborne County Hospital	25.2%	25.6%	24.1%
Tennova - Newport Med Ctr	19.8%	22.2%	28.2%
Lakeway Regional Hospital	26.6%	31.5%	28.5%
Morristown - Hamblen Healthcare	46.2%	43.8%	41.7%
Tennova - Jefferson Memorial	46.2%	42.8%	40.5%

Turkey Creek Medical Center	53.5%	49.5%	45.7%
Fort Sanders Regional Med Ctr	47.2%	47.0%	45.7%
Parkwest Medical Center	67.5%	69.3%	67.0%
North Knoxville Medical Center	33.2%	31.1%	37.9%
University of Tennessee Memorial	64.7%	64.7%	64.4%
Fort Loudon Medical Center	36.5%	36.3%	33.9%
Sweetwater Hospital Association	49.0%	53.2%	47.6%
Roane Medical Center	21.7%	19.4%	17.3%
LeConte Medical Center	38.3%	43.9%	46.0%
Scott County Hospital	59.5%	57.9%	--
Service Area Total	49.8%	49.7%	47.8%

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital is licensed for 25 beds but did not report in 2012

Only four of the 20 Service Area hospitals increased in occupancy between 2010 and 2012 (North Knoxville Medical Center, Newport Medical Center, Lakeway Regional Hospital and LeConte Medical Center).

Utilization statistics and trends are shown below for each of the designated health services included in the replacement hospital project.

Obstetrics Program

SERVICE AREA OBSTETRICS PROGRAM UTILIZATION
CALENDAR YEAR 2012

	Birthing Rooms			*Deliveries*		
HOSPITAL	**Total Rooms**	**LDRPs**	**Percent LDRP**	**C-Section Deliveries**	**Non C-Section Deliveries**	**Total Deliveries**
Physicians Regional Medical Center	22	22	100%	476	990	1,466
University of TN Med Ctr	12	0	0%	1,147	1,976	3,123
Ft. Sanders Regional Medical Center	12	6	50%	896	1,837	2,733
Parkwest Medical Center	20	20	100%	544	1,060	1,604
LeConte Medical Center	19	10	53%	301	647	948
Morristown - Hamblen Healthcare	7	0	0%	246	580	826
Blount Memorial Hospital	9	9	100%	163	584	747
Methodist Med Ctr of Oak Ridge	8	8	100%	191	474	665
Turkey Creek Medical Center	10	10	100%	166	167	333
Lakeway Regional Hospital	6	6	100%	73	225	298
Tennova - Newport Med Ctr	4	4	100%	46	162	208
Sweetwater Hospital Assoc.	4	2	50%	67	123	190
Jellico Community Hospital	4	4	100%	46	103	149
Service Area Total	137	101	74%	4,362	8,928	13,290

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital did not report in 2012 but in previous years it delivered between 136 and 139 babies annually.

The three year trend for deliveries in the service area is shown below.

SERVICE AREA OBSTETRICS PROGRAMS DELIVERY TREND CALENDAR YEARS 2010 THROUGH 2012					
HOSPITAL	2010	2011	2012	Change, 2010-2012	Percent Change, 2010-2012
PRMC	1,722	1,552	1,466	-256	-14.90%
University of TN Med Ctr	2,466	2,822	3,123	657	26.60%
Ft. Sanders Regional Med Center	2,343	2,681	2,733	390	16.60%
Parkwest Medical Center	1,620	1,624	1,604	-16	-1.00%
LeConte Medical Center	930	929	948	18	1.90%
Morristown - Hamblen Healthcare	836	801	826	-10	-1.20%
Blount Memorial Hospital	785	771	747	-38	-4.80%
Methodist of Oak Ridge	662	621	665	3	0.50%
Turkey Creek Medical Center	693	338	333	-360	-51.90%
Lakeway Regional Hospital	271	327	298	27	10.00%
Tennova - Newport Med Ctr	292	258	208	-84	-28.80%
Sweetwater Hospital Assoc.	225	253	190	-35	-15.60%
Jellico Community Hospital	168	162	149	-19	-11.30%
Service Area Total	13,013	13,139	13,290	277	2.10%
Scott County Hospital	139	136	--	--	--

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital did not report in 2012

Inpatient Rehabilitation Unit

There are three comprehensive rehabilitation hospitals in the Service Area, PRMC, Fort Sanders Regional Medical Center and Lakeway Regional Hospital. The first two are in Knox County and Lakeway Regional is in Hamblen County. There are no freestanding rehabilitation hospitals in this market.

HOSPITALS WITH DEDICATED INPATIENT REHABILITATION UNITS UTILIZATION SUMMARY CALENDAR YEAR 2012					
HOSPITAL	Beds	Admissions	Patient Days	ADC	Occupancy Rate
PRMC	30	282	4,118	11.3	37.6%
Ft. Sanders Regional Med Ctr	73	878	12,639	34.6	47.4%
Lakeway Regional Hospital	27	174	2,411	6.6	24.5%
Service Area Total	130	1,334	19,168	52.5	40.4%

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis

During the past three years admissions and patient days at both PRMC's and Fort Sanders inpatient rehabilitation unit have declined. PRMC declined in admissions by nearly 30 percent whereas Fort Sanders decline in admission was just shy of 5 percent. Lakeway Regional Hospital declined in admission by 32 percent in the three year period.

HOSPITALS WITH DEDICATED INPATIENT REHABILITATION UNITS
ADMISSION AND PATIENT DAY TREND
CALENDAR YEAR 2010 THROUGH 2012

	Admissions/Discharges			*Patient Days*		
HOSPITAL	**2010**	**2011**	**2012**	**2010**	**2011**	**2012**
Physicians Regional Medical Center	401	378	282	5,747	4,913	4,118
Fort Sanders Regional Medical Center	919	962	878	14,582	14,920	12,639
Lakeway Regional Hospital	257	255	174	3,843	3,516	2,411
Total	1,577	1,595	1,334	24,172	23,349	19,168

HOSPITAL		**Change**	**Percent Change**		**Change**	**Percent Change**
Physicians Regional Medical Center TCU	--	(119)	-29.7%	--	(1,629)	-28.3%
Fort Sanders Transitional Care	--	(41)	-4.5%	--	(1,943)	-13.3%
Lakeway Regional Hospital	--	(83)	-32.3%	--	(1,432)	-37.3%
Total	--	(243)	-15.4%	--	(5,004)	-20.7%

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis

As a result of the trended data, this program will relocate to the replacement hospital, but at a reduced bed count of 16 beds.

Designated Outpatient Services and Radiology Services

Aside from the hospitals in the service area that provide radiological procedures, there are three outpatient diagnostic centers with 2012 Joint Annual Reports. All three outpatient diagnostic centers in the service area are situated in Knox County. They include:

- East Tennessee Community Open MRI
- East Tennessee Diagnostic Center
- Outpatient Diagnostic Center of Knoxville

PRMC plans to move its major medical equipment including but not limited to Certificate of Need reviewable equipment such as:

- Lithotripsy
- Magnetic Resonance Imaging (MRI)
- Positron Emission Tomography (PET)

- Radiation

Per Joint Annual Reports for each facility, the 2012 volumes for each facility in each of the designated service areas is shown below.

SERVICE AREA MAJOR EQUIPMENT UTILIZATION
INPATIENT AND OUTPATIENT PROCEDURES
CALENDAR YEAR 2012

FACILITY	LITHOTRIPSY		MRI		PET/CT	
	IP	OP	IP	OP	IP	OP
PRMC	57	173	2,021	3,797	131	902
University of TN Med Ctr	18	551	2,998	14,602	233	2,562
East TN Diagnostic Center	0	0	0	0	0	2,049
Blount Memorial Hospital	0	161	1,898	5,980	24	1,720
Morristown - Hamblen	0	0	436	4,134	1	404
Methodist Med Ctr of Oak Ridge	19	225	1,358	5,117	3	163
Tennova - Lafollette Med Ctr	0	0	12	1,317	0	0
Jellico Community Hospital	0	0	13	552	0	0
Claiborne County Hospital	0	0	120	1,380	0	0
Tennova - Newport Med Ctr	0	0	240	1,202	0	0
Lakeway Regional Hospital	5	37	223	2,065	0	0
Tennova - Jefferson Memorial	0	0	306	2,166	0	0
Turkey Creek Medical Center	0	43	269	2,420	0	0
Ft. Sanders Regional Med Ctr	28	160	2,068	6,452	0	0
Parkwest Medical Center	15	441	1,572	6,764	0	0
Tennova - North Knoxville	28	364	505	4,570	0	0
Fort Loudon Medical Center	0	0	155	2,142	0	0
Sweetwater Hospital Assoc.	0	0	152	1,486	0	0
Roane Medical Center	0	0	74	2,067	0	0
LeConte Medical Center	1	27	453	3,812	0	0
East TN Community Open MRI	0	0	0	1,860	0	0
Outpatient Diag Ctr of Knoxville	0	0	0	8,040	0	0
Total Service Area	171	2,118	14,873	62,468	392	7,396

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County Hospital is not included in above list because it did not report its utilization data in 2012

The following series of tables provides a three year trend of inpatient and outpatient utilization of major medical equipment by hospital and outpatient diagnostic facility.

SERVICE AREA LITHOTRIPSY PROCEDURES
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

	Inpatient			Outpatient			Total		
FACILITY	2010	2011	2012	2010	2011	2012	2010	2011	2012
Physicians Regional Med Center	59	57	57	278	339	173	337	396	230
Methodist Med Ctr of Oak Ridge	19	15	19	205	173	225	224	188	244
Blount Memorial Hospital	0	0	0	150	188	161	150	188	161
Lakeway Regional Hospital	0	1	5	214	17	37	214	18	42
Turkey Creek Medical Center	66	64	0	78	127	43	144	191	43
Fort Sanders Regional Med Ctr	30	32	28	220	199	160	250	231	188
Parkwest Medical Center	17	22	15	402	225	441	419	247	456
North Knoxville Medical Center	22	19	28	331	343	364	353	362	392
University of Tennessee Mem	41	40	18	513	562	551	554	602	569
LeConte Medical Center	0	3	1	38	52	27	38	55	28
Total Service Area	254	255	171	2,429	2,225	2,118	2,683	2,480	2,353

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County did not report its utilization data in 2012

SERVICE AREA MRI VOUME
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

	Inpatient			Outpatient			Total		
FACILITY	2010	2011	2012	2010	2011	2012	2010	2011	2012
PRMC	1,952	1,714	2,021	4,625	4,319	3,797	6,577	6,033	5,818
Methodist Med Ctr Oak Ridge	3,561	3,334	2,998	11,947	13,712	14,602	15,508	17,046	17,600
Blount Memorial Hospital	1,845	1,855	2,068	7,412	6,902	6,452	9,257	8,757	8,520
Tennova - Lafollette Med Ctr	1,790	1,986	1,572	5,850	6,647	6,764	7,640	8,633	8,336
Jellico Community Hospital	0	0	0	5,498	7,680	8,040	5,498	7,680	8,040
Claiborne County Hospital	1,285	1,963	1,898	6,553	6,196	5,980	7,838	8,159	7,878
Tennova - Newport Med Ctr	1,202	1,267	1,358	5,140	5,137	5,117	6,342	6,404	6,475
Lakeway Regional Hospital	364	396	505	4,662	4,731	4,570	5,026	5,127	5,075
Morristown - Hamblen	514	413	436	2,726	3,277	4,134	3,240	3,690	4,570
Tennova - Jefferson Memorial	373	480	453	3,366	3,784	3,812	3,739	4,264	4,265
Turkey Creek Medical Center	394	299	269	2,965	2,475	2,420	3,359	2,774	2,689
Ft Sanders Regional Med Ctr	207	196	306	2,401	2,470	2,166	2,608	2,666	2,472
Parkwest Medical Center	174	171	155	1,922	2,076	2,142	2,096	2,247	2,297
Tennova - North Knoxville	94	230	223	1,447	1,875	2,065	1,541	2,105	2,288
University of TN Med Ctr	109	118	74	2,129	2,100	2,067	2,238	2,218	2,141
Fort Loudon Medical Center	0	0	0	1,808	1,783	1,860	1,808	1,783	1,860
Sweetwater Hospital Assoc.	174	191	152	1,461	1,428	1,486	1,635	1,619	1,638
Roane Medical Center	179	123	120	1,562	1,270	1,380	1,741	1,393	1,500
LeConte Medical Center	122	176	240	1,419	1,339	1,202	1,541	1,515	1,442
Scott County Hospital	7	9	12	1,498	1,399	1,317	1,505	1,408	1,329
East TN Community Open MRI	15	18	13	729	668	552	744	686	565
Outpatient Diag Ctr of KNX	0	0	0	771	793	0	771	793	0
Total Service Area	14,361	14,939	14,873	77,891	82,061	81,925	92,252	97,000	96,798

Source: Joint Annual Reports, Tennessee Department of Health and NHA Analysis
(*) Note: Scott County did not report its utilization data in 2012

SERVICE AREA PET/CT VOLUME INPATIENT AND OUTPATIENT TREND CALENDAR YEARS 2010 THROUGH 2012									
	Inpatient			Outpatient			Total		
FACILITY	2010	2011	2012	2010	2011	2012	2010	2011	2012
PRMC	433	173	131	1,450	1,007	902	1,883	1,180	1,033
Methodist of Oak Ridge	12	2	3	451	464	163	463	466	166
Blount Memorial	21	34	24	2,057	1,672	1,720	2,078	1,706	1,744
Morristown - Hamblen	0	5	1	313	309	404	313	314	405
Univ of TN Med Ctr	408	301	233	3,663	2,346	2,562	4,071	2,647	2,795
East TN Diagnostic Ctr	0	0	0	3,388	2,950	2,049	3,388	2,950	2,049
Total Service Area	874	515	392	11,322	8,748	7,396	12,196	9,263	8,192

Linear accelerator utilization was evaluated separately since that includes evaluation of utilization at cancer treatment centers, in addition to hospitals with the equipment. The service area's inventory of linear accelerators includes 7 within hospitals, three within hospital-based outpatient cancer centers, and one outpatient cancer center operated by Provision Health Alliance which is not a hospital, but a healthcare center specializing in cancer treatment.

PRMC SERVICE AREA LINEAR ACCELERATOR UTILIZATION TREND CALENDAR YEARS 2010 THROUGH 2012					
			Total Treatments		
FACILITY	County	Type Of Facility	2010	2011	2012
Physicians Regional Medical Center	Knox	Hospital	3,909	4,260	2,112*
Methodist Medical Center of Oak Ridge	Anderson	Hospital	9,572	8,296	8,503
Blount Memorial Hospital	Blount	Hospital	7,180	7,366	6,467
Baker Cancer Treatment Center	Claiborne	Hospital	3,844	3,911	3,380
Morristown - Hamblen Healthcare System	Hamblen	Hospital	7,044	6,131	7,090
East TN Radiation Therapy Services	Knox	Radiation	0	0	742
North Knoxville Medical Center	Knox	Hospital	7,615	7,700	7,437
Thompson Cancer Survival Center	Knox	ASTC	8,726	8,609	10,251
Thompson Cancer Survival Center West	Knox	ASTC	10,111	10,300	9,286
Turkey Creek Medical Center	Knox	Hospital	1,454	0	1,397
University of Tennessee Memorial	Knox	Hospital	11,172	10,554	10,270
Thompson Cancer Survival Center-Sevier	Sevier	ASTC	2,824	3,589	3,688
Total Service Area	--	--	73,451	70,716	70,623

Source: Tennessee Health Services and Development Agency, Equipment Listing

*PRMC's linear accelerator was out of service for five months during 2012 for an equipment upgrade.

Of note, there is one open, unimplemented Certificate of Need for a linear accelerator,

	which was approved in 2011. North Knoxville Medical Center currently has one linear accelerator in operation and was approved for a second unit. CN1106-019 was approved in October, 2011, which was the same month that Mercy Health Partners was purchased by Health Management Associates of Naples, Florida. As a result of that transaction, Mercy Health Partners was renamed Tennova Healthcare. While Health Management Associates was fully supportive of Tennova moving forward with the application to add a second linear accelerator to the cancer center at North Knoxville Medical Center, the change in ownership did cause the Hospital to re-evaluate the timeline for implementing the project. After an analysis of this region's radiation therapy centers was completed by Health Management, it was determined that the most orderly approach to ensuring that patient care would not be disrupted was to delay adding the second linear accelerator to the North Knoxville Medical Center campus until the other affiliated radiation therapy centers could be upgraded. First, an aged linear accelerator was replaced at Physicians Regional Medical Center and upgraded with new hardware and software. Second, the linear accelerator at Turkey Creek Medical Center was replaced with a new Varian linear accelerator. Now, the linear accelerator at Baker Cancer Center in Harrogate, Tennessee is being replaced with new equipment due to its age. Because each of these centers have an active load of patients receiving treatment, it has been critical that there be no disruptions in the operations or accessibility of the radiation therapy center at North Knoxville Medical Center. During the course of these other linear accelerator replacement projects, the Hospital underwent an ownership change, effective January 27, 2014. During the transition period leading up to the ownership change, all capital projects were put on hold by Health Management. The Hospital is currently evaluating the project to add a 2nd linear accelerator to North Knoxville Medical Center. In order to allow time to complete that evaluation, we will be requesting a one year extension for this project, prior to the CON expiration date.
6.	**Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) 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.** A chart showing utilization for all designated services and equipment for the past three years at PRMC, as well as projections for the years during the proposed construction and the first two years in the replacement hospital is attached as attachment C.Need.6. PRMC has steadily lost volumes over the past several years. While there are many factors driving those volume losses, including changes in ownership structure, the primary drivers are: • <u>Reduced utilization of inpatient services in the market</u>. There was an overall contraction in the utilization of inpatient services in PRMC's service area of 3.8% from 2012 to 2013. However, while there was reduced demand overall due to a shift toward outpatient procedures as well as economic pressures given the overall economy, PRMC experienced volume loss greater than the

reduction in overall utilization.

- Physician movement from the existing campus. Sixty-eight (68) physicians have physically relocated from the existing campus to locations with newer and more accessible facilities. The medical staff remaining on campus has clearly indicated to administration that it is their expectation that we build a replacement hospital, and that moving forward with the project will help to stop the shift of business away from the hospital.
- Patient preference. The PRMC medical staff has communicated that many of their patients have become resistant to being treated at PRMC and are requesting to be treated in a facility that is in a more accessible location, is more physically appealing, and is easier to navigate.

In spite of this volume loss over the last several years, there remains substantial need for the services PRMC provides. We are proposing to provide those services in a much more efficient way by reducing the hospital's square footage footprint as well as its bed count.

In terms of future utilization, we are projecting that volumes will stabilize and eventually improve in 2015 and future years. As shown in the projected utilization chart attached (Attachment C.Need.6), volumes are projected to increase by 1% per year during the proposed years of construction (2015-2017), then 4% per year in the first two years in the replacement hospital.
As physician "flight" is slowed due to the anticipation of the replacement facility, volume losses will be slowed. To further stabilize the hospital's volumes, population growth is expected to be 1.02% per year over the next five years. In addition, PRMC has identified certain physician recruiting needs, based on a community needs assessment. As a result, physician recruiting for the next two years is planned to include the following:

Specialty	Qty
Primary Care (Family Medicine/Internal Medicine)	3
Obstetrics	1
General Surgery	1
Interventional Cardiology	2
Cardiology - EP	1
Neurology	3
Neurosurgery	2
Gastroenterology	2
Otolaryngology	1
Vasculary Surgery	1
	17

Using the Merritt Hawkins national benchmarking study, it is to be expected that, after a ramp-up period, the newly recruited physicians will each contribute an average of 25 admissions annually (OB, General Surgeon, and Vascular Surgeon will admit more, Cardiology – EP, GI, and ENT will admit fewer). With an additional 17 physicians, averaging 25 admissions each per year, we can expect approximately 425 additional admissions per year, or 3% growth over 2013 volumes. Combining 1% population

	growth with 3% additional volume arising from recruited physicians gives a 4% per year expected growth rate in years 1 and 2 of the project. At the projected growth rate shown on the attached schedule, PRMC will have 15,035 admissions in the second year of the project. This volume of admissions constitutes a move back toward historic volumes for the hospital, which were approximately 18,000 per year in 2007 – 2009. This replacement hospital project is not, therefore, a "grab" for market share, but rather a needed project to stabilize the medical staff and patient base in order to move back to historic volume levels. It is not to be expected that those volumes would return to 18,000 in that time frame, but at 15,000 – 16,000 admissions per year, the volumes of PRMC will represent a stabilization of the trend and recapture of patients who have historically been treated at one of three Hospital facilities.

ECONOMIC FEASIBILITY

I.		**Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.**
	•	**All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)** Confirmed – application fee is shown on Line F of the Project Costs Chart.
	•	**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. 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.** Not applicable. Land and equipment will be purchased.
	•	**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.** Confirmed. Equipment costs include installation, and sales taxes are reflected in the total equipment quote.
	•	**For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.**

		See attachment C.Economic Feasibility.I.a.

PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$ 9,815,274
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$60,000
	3.	Acquisition of Site	$14,875,000
	4.	Preparation of Site	$3,150,000
	5.	Construction Costs	$161,179,900
	6.	Contingency Fund	$9,542,171
	7.	Fixed Equipment (Not included in Construction Contract)	$30,028,151
	8.	Moveable Equipment (List all equipment over $50,000)	$59,937,757
	9.	Other (Specify) _____	

B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify) _____	
	5.	Other (Specify) _____	

C.	Financing Costs and Fees:		
	1.	Interim Financing	$14,911,915
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify)_____	

D.	Estimated Project Cost (A+B+C)	$303,500,204

E.	CON Filing Fee	$45,000

F.	Total Estimated Project Cost (D+E)	$303,545,204

	TOTAL	**$303,545,204**

2.	**Identify the funding sources for this project.** **Please 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 C, Economic Feasibility-2.)***	
__	**A.**	**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;charges.**
__	**B.**	**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;**
__	**C.**	**General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.**
__	**D.**	**Grants--Notification of intent form for grant application or notice of grant award; or**
X	**E.**	**Cash Reserves--Appropriate documentation from Chief Financial Officer.** See attachment C.Economic Feasibility.2.
__	**F.**	**Other—Identify and document funding from all other sources.**
3.	**Discuss and document the reasonableness of the proposed project costs. If applicable,compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.** Costs per square foot of construction in similar projects (new construction) recently approved by the Health Services and Development Agency are shown below: 1st Quartile: $235.00/sf Median: $274.63/sf 3rd Quartile: $324.00/sf Costs for this project are projected to be $300.00 / sf, which is between the median and 3rd quartile of the per square foot costs of other recently approved projects.	
4.	**Complete Historical and Projected 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 for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. 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 Historical Data Chart and Projected Data Chart are complete.	
5.	**Please identify the project's average gross charge, average deduction from**	

	operating revenue, and average net charge. Inpatients: Average gross charge - $50,658 Average deduction - $39,157 Average net charge - $ 11,501 Outpatients: Average gross charge - $ 2,879 Average deduction - $ 2,311 Average net charge - $ 568

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 January.

			2011	2012	2013
A.		Utilization Data (Admissions)	17,639	15,563	14,876
B.		Revenue from Services to Patients			
	1	Inpatient Services	$ 532,455,000	$ 541,169,000	$ 589,229,000
	2	Outpatient Services	$ 432,671,000	$ 353,122,000	$ 387,143,000
	3	Emergency Services	$ 44,972,000	$ 42,267,000	$ 48,432,000
	4	Other Operating Revenue (Specify) Rent, Gift Shops	$ 17,051,000	$ 9,078,000	$ 6,755,000
		Gross Operating Revenue	$ 1,027,149,000	$ 945,636,000	$ 1,031,559,000
C.		Deductions from Gross Operating Revenue			
	1	Contractual Adjustments	$ 736,208,000	$ 645,732,000	$ 728,234,000
	2	Provision for Charity Care	$ 23,579,000	$ 34,954,000	$ 42,471,000
	3	Provisions for Bad Debt	$ 21,392,000	$ 22,617,000	$ 24,992,000
		Total Deductions	$ 781,179,000	$ 703,303,000	$ 795,697,000
		NET OPERATING REVENUE	$ 245,970,000	$ 242,333,000	$ 235,862,000
D.		Operating Expenses			
	1	Salaries and Wages (incl. Benefits)	$ 90,368,000	$ 83,635,000	$ 78,753,000
	2	Physician's Salaries and Wages	$ 4,818,000	$ 3,956,000	$ 3,994,000
	3	Supplies	$ 48,240,000	$ 58,154,000	$ 56,854,000
	4	Taxes	$ 4,404,000	$ 17,922,000	$ 17,633,000
	5	Depreciation	$ 9,576,000	$ 7,573,000	$ 8,357,000
	6	Rent	$ 1,176,000	$ 2,433,000	$ 2,457,000
	7	Interest, other than Capital	$ 2,465,000	$ 2,097,000	$ 2,346,000
	8	Management Fees	$ 40,275,000	$ 48,773,000	$ 12,117,000
	9	Other Expenses	$ 49,043,000	$ 25,956,000	$ 35,521,000
		Total Operating Expenses	$ 250,365,000	$ 250,499,000	$ 218,032,000
E.		Other Revenue (Expenses)			
		NET OPERATING INCOME (LOSS)	$ (4,395,000)	$ (8,166,000)	$ 17,830,000
F.		Capital Expenditures	$ 3,773,000	$ 13,545,000	$ 15,097,000
		NET OPERATING INCOME (LOSS) LESS			
		CAPITAL EXPENDITURES	$ (8,168,000)	$ (21,711,000)	$ 2,733,000

OTHER EXPENSES - BREAK DOWN BY CATEGORY				
		2011	2012	2013
1	Outside Services	$ 2,073,000	$ 10,112,000	$ 16,544,000
2	Utilities	$ 5,690,000	$ 4,658,000	$ 5,016,000
3	General/Liability Insurance	$ 3,052,000	$ 3,053,000	$ 4,031,000
4	Repairs and Maintenance	$ 4,224,000	$ 5,199,000	$ 5,823,000
5	Telephone / Communications	$ -	$ 832,000	$ 965,000
6	Travel / Relocation / Meals & Entertain	$ 156,000	$ 575,000	$ 380,000
7	Education / Dues / Subscriptions / Adv.	$ 116,000	$ 212,000	$ 1,014,000
8	All Other Misc Expenses	$ 33,732,000	$ 1,315,000	$ 1,748,000
	Total	$ 49,043,000	$ 25,956,000	$ 35,521,000

PROJECTED DATA CHART

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

			Year 1	Year 2
A.	Utilization Data (Insert Unit of Measure)		14,457	15,035
B.	Revenue from Services to Patients			
	1	Inpatient Services	$ 716,243,000	$ 763,515,000
	2	Outpatient Services	$ 533,686,000	$ 580,116,000
	3	Emergency Services	$ 64,417,000	$ 69,683,000
	4	Other Operating Revenue (Specify)		
		Gross Operating Revenue	$ 1,314,346,000	$ 1,413,314,000
C.	Deductions from Gross Operating Revenue			
	1	Contractual Adjustments	$ 953,301,000	$ 1,028,404,000
	2	Provision for Charity Care	$ 60,849,000	$ 65,643,000
	3	Provisions for Bad Debt	$ 33,022,000	$ 35,119,000
		Total Deductions	$ 1,047,172,000	$ 1,129,166,000
	NET OPERATING REVENUE		$ 267,174,000	$ 284,148,000
D.	Operating Expenses			
	1	Salaries and Wages	$ 85,606,000	$ 89,030,000
	2	Physician's Salaries and Wages	$ 4,411,000	$ 4,627,000
	3	Supplies	$ 69,441,000	$ 74,669,000
	4	Taxes	$ 25,734,000	$ 28,510,000
	5	Depreciation	$ 13,856,000	$ 15,015,000
	6	Rent	$ 3,243,000	$ 3,402,000
	7	Interest, other than Capital	$ 22,106,000	$ 21,552,000
	8	Management Fees	$ -	$ -
	9	Other Expenses	$ 33,257,900	$ 36,842,100
		Total Operating Expenses	$ 257,654,900	$ 273,647,100
E.	Other Revenue (Expenses)		$ 6,237,000	$ 6,424,000
	NET OPERATING INCOME		$ 15,756,100	$ 16,924,900
F.		Capital Expenditures	$ -	$ -
	NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$ 15,756,100	$ 16,924,900

	OTHER EXPENSES - BREAK DOWN BY CATEGORY			
			Year One	Year Two
	1	Purchased Services	18,940,000	19,870,000
	2	Utilities	3,812,900	4,000,100
	3	Advertising	728,000	764,000
	4	Dues	385,000	404,000
	5	General/Liability Insurance	4,710,000	4,941,000
	6	Collection Fees	985,000	1,033,000
	7	Repairs and Maintenance	1,000,000	3,000,000
	8	Telephone (Communications)	1,113,000	1,168,000
	9	Other Operating (Misc)	1,584,000	1,662,000
		Total	33,257,900	36,842,100

6.	A.	**Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.** Since the proposed project does not involve the implementation of new services or additional beds, PRMC does not anticipate an increase in charges other than normal inflationary increases. See attachment C.Economic Feasibility.6 for a list of the highest volume DRGs for PRMC with current charge schedules.
	B.	**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).** A comparison of highest-volume DRGs is attached as attachment C.Economic Feasibility.6., showing the proposed charges to the current Medicare allowable fee schedule. This comparison is presented for the top DRGs rather than by CPT code, since there are over 12,000 applicable CPT codes.
7.	**Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.** As indicated in the Projected Data Chart, utilization rates will stabilize and increase as population growth occurs and new physicians are recruited to the market. With stabilized volumes in a facility that is 67% smaller than the current hospital, cost effectiveness is greatly enhanced. More efficient heating and cooling systems and a new power plant, along with the smaller facility, will dramatically reduce utility costs. Enhanced patient satisfaction with the facilities will help to improve patient satisfaction scores, which will support the hospital's efforts to benefit from Value Based Purchasing awards (and avoid penalties). Greater efficiency in the facility will reduce non-value-added staff time.	
8.	**Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.** As indicated in the Projected Data Chart, projected cash flow will ensure financial viability within the first year of the project and over the long term. As mentioned previously, to maintain the status quo would result in serious negative impact to PRMC over time, given the costs of maintaining antiquated facilities and the negative competitive forces in the market that are already being demonstrated.	

9.	**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. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.** PRMC participates in both the Medicare and TennCare/Medicaid programs, as well as adhering to the charity policy put in place by the Sisters of Mercy. PRMC's 2013 payor mix by governmental payors is shown below: Medicare/Managed Medicare: 56% TennCare/Medicaid: 11% Other Governmental: 1% Self Pay: 5% The estimated dollar amount and percentage of gross revenue anticipated from each governmental payor during the proposed replacement hospital's first year of operation is shown below: Medicare/Managed Medicare: $736,763,000 / 56% TennCare/Medicaid: $144,578,000 / 11% Other Governmental: $ 13,143,000 / 1% Self Pay: $ 65,717,000 / 5%
10.	**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 new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.** See attachments C.Economic Feasibility.10. Financial statements for CHS/Community Health Systems, Inc. have been submitted for 2013, as verification of the financial health and funding capability of the Hospital's parent company.
11.	**Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:**
	a. **A discussion regarding 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, the applicant should justify why not; including reasons as to why they were rejected.**

PRMC's proposed replacement and relocation project is designed to address critical issues that are compromising the hospital's long-term ability to serve patients and retain medical staff. A number of alternatives have been considered, but the replacement alternative that has been selected was done so as a means of stopping rapid declines in utilization by both physicians and patients, improve operating efficiencies and access, and employing the capital strategy with the best chance of a successful return.

Three of the major alternatives considered were (1) status quo, (2) renovation/refurbishment of the existing campus, (3) expansion of one of the Hospital's other metro Knoxville hospital campuses. Each of these three alternatives is considered in detail below.

(1) Status quo. As described throughout this application, continuing with the status quo was considered and rejected. By maintaining the status quo, PRMC will not just experience steady declines in volume, but will experience an additional significant and immediate shift in volume by key medical staff members. The costs to sustain a facility the size of the existing campus are substantial and reflect the environment of the past in which the hospital was built. Today's reimbursement and payment models no longer support a facility like PRMC, and in the interest of the orderly development of healthcare, the health system must right-size its resources.

(2) Renovation/remodel. Renovation or remodeling will not solve the hospital's critical issues:

1) Efficiency and accessibility issues. The existing campus has 1.5 million square feet and is spread over 13 buildings. The topography of the site, as well as the compressed acreage and lack of a cohesive master plan in the early decades of the hospital, drove development of buildings that are not easily navigable or reached from one another. The long distances and multiple elevators required are challenging for sick patients, confusing for family members, and inefficient for staff. While space to add another tower or patient care facility is very limited, it is possible to do on the existing site. However, additional space would only add to the efficiency and accessibility issues.

   Historic payment models were such that hospitals could afford to maintain higher levels of staffing in order to support a larger physical footprint and less efficient flow. With new payment models, downward pressure on reimbursement rates by governmental payers, and the rise of observation stays with their low levels of payment, hospitals like PRMC must focus resources on direct patient care and mission-critical support activities.

2. Infrastructure issues. The 13 buildings on the existing campus share electrical and HVAC infrastructure, making it very difficult and expensive to modify for renovation or additions. The entire campus is served by a single power plant with an interconnected electrical system. The hospital is served by three chillers, ranging in age from 17 to 37 years, and two boilers, one installed in 1955 and one in 1977. The estimate to upgrade and replace the hospital infrastructure,

which would be required in any major renovation or addition, is $80 million. This cost contributes nothing to the improvement of health services while adding to the cost of delivering healthcare.

3. Medical staff demand. The 450 members of PRMC's medical staff have overwhelmingly voiced concern that the existing hospital facility is no longer acceptable for many patients who are choosing to receive care in newer and more easily accessible environments. Because of the age and inaccessibility of the campus, as well as patient feedback, many physicians have chosen to move their offices away from PRMC. For a listing of physician offices that have moved off campus over the past five years, see attachment C.Need.B.3. Several of the large groups have relocated to the Dowell Springs outpatient campus, which is across Middlebrook Pike from the proposed replacement hospital location.

(3) Expansion of one of the Hospital's other metro Knoxville campuses. When considering the options to building a replacement hospital, an analysis was conducted to determine whether or not it is feasible to simply expand either Turkey Creek Medical Center, North Knoxville Medical Center, or both. Neither option was found to be viable for the following reasons:

1. Turkey Creek Medical Center has extremely limited expansion capabilities due to its landlocked position in the Turkey Creek development. There is little remaining space on the property to add on to the building, but even if a major addition were possible, there is no way to meet code in terms of available parking spaces without building a parking garage, which the strict City of Farragut zoning ordinances will not permit.

2. North Knoxville Medical Center provides plenty of space for expansion. However, because the facility infrastructure was only built to support the current capacity of 108 beds, not only would bed tower construction be required, but also additional infrastructure. The cost to expand North Knoxville Medical Center to meet the needs of the PRMC medical staff and patients is only slightly less than the cost to build a replacement hospital (estimated at $282 million). However, while North Knoxville Medical Center is very accessible to the northernmost portions of PRMC's current service area, it is not accessible to the southern and western portions of the service area, which are the areas of greatest growth. A 2010 study of the North Knoxville Medical Center service area by Navigant Consulting came back with the following quote: "Given the current population and healthcare needs in the Mercy North primary service area, Navigant does not believe that the region could fully support a tertiary campus for about another 10 years." In addition, the medical staff does not support moving the Hospital's main campus to North Knoxville Medical Center.

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing

		arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable. Various upgrades of the existing facility have been completed to the point that it is practical and cost-effective, such as a remodel of the main lobby in 2012 and a refurbishment of the Women's Pavilion in 2013. However, as has been demonstrated, more substantial renovations and restructuring is not cost-effective and would constitute a poor investment into infrastructure that will not meet the needs of the medical staff, patients, or PRMCover the coming decades, or the State's interest in the orderly development of healthcare services.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1.	**List all existing health care providers (e.g., 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, e.g., transfer agreements, contractual agreements for health services.** The Hospital has contractual and working relationships with the following providers: Asbury Acres HealthCare — Athens Community Hospital Baptist Convalescent Center — Baptist Health Care Center Brakebill Nursing Home — Blount Memorial Hospital East Tennessee Children's Hospital — Briarcliff Health Care Center Claiborne County Nursing Home — Claiborne County Hospital Hillcrest Medical Nursing Institute — Farragut Healthcare Holston Health and Rehabilitation Center — Hillhaven Health Care Knoxville Convalescent Center — Jellico Community Hospital Maynardville Community Medical Center — LifeCare Center Northhaven Health Care Center — Morgan County Center for Health Care Regency Health Care Center — Peninsula Hospital Rockwood Health Care Center — Ridgeview Terrace of LifeCare Serene Manor Medical Center — Shannondale Nursing Home Parkwest Surgery Center — UT Medical Center – Knoxville Vanderbilt University — Rural/Metro Ambulance Services TN Division of Rehabilitation Services — Laughlin Memorial Hospital Knoxville Surgery Center — Takoma Adventist Hospital Lafollette Medical Center — NHC, Fort Sanders of Knoxville Tennessee Nursing Services, Inc. — Physicians Surgery Center

	Wellington Place of Kingston	Select Specialty Hospital - North Knoxville, Inc.
2.	**Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition 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.** Providing access to state-of-the-art, efficient, and accessible health care services will have a beneficial effect on the healthcare system. Ensuring the long-term viability of a tertiary care hospital in the service area will be beneficial to the overall system of healthcare. There will be no duplication of services or impact to other providers in the area, since this proposal simply takes services that are already in place, right-sizes them to the current demand (reducing the active beds in the market by 91), and replaces them in a more efficient facility that is easier for patients to navigate and less costly for the Hospital to operate.	
3.	**Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.** Projected staffing for the replacement hospital is:	

PRMC Replacement Hospital - Estimated Staf

Department	Planned FTEs
ICU/CCU	52.2
Surgery	101.4
Cardiac Cath Lab	24.2
General Medicine	177.9
OB/GYN, NICU	50.1
ED	47.8
IP Rehab	16.5
Laboratory	53.5
Pharmacy	40
Imaging/Diagnostics	82.6
Accounting	21
Admitting	38
ASC	19
Biomed/Eng/Sec	51
Cardiac Rehab	4.2
Case Management	21
Dialysis	5.5
HR/EH	7
Materials Mgmt	7
Medical Records	6.5
Medical Staffing	4.5
Mktg/Vol/Comm	11.5
Pain Center	9
Quality/Inf Ctrl	13.5
Rehab (OT/PT/Sp)	40
Respiratory	30
Sleep Center	5
Sterile Processing	10
Tele/Monitor	15.5
Transport	17.6
Wound	2.5
Admin/Nsg Admin/Market	37.3
TOTAL	**1022.8**

Current wage rates for key positions within the hospital are shown in the following chart.

Occupational Title	PRMC, Current Wage Rates		
	Min	Mid	Max
Licensed Practical and Licensed Vocational Nurses	$ 13.10	$ 16.40	$ 19.65
Nursing Aides, Orderlies, and Attendants	$ 9.95	$ 12.45	$ 14.95
Physician Assistants	$ 36.25	$ 45.35	$ 54.40
Registered Nurses	$ 18.00	$ 21.00	$ 31.45
Surgical Technologists	$ 13.60	$ 17.00	$ 20.40

The prevailing wages for 2013 for both the State of Tennessee as well as the Knoxville MSA, as reported by the Tennessee Department of Labor and Workforce Development are shown below.

Occupational Title	Tennessee, 2013			
	Mean	Entry Level	Experienced	Median
Licensed Practical and Licensed Vocational Nurses	$ 17.40	$ 14.55	$ 18.80	$ 19.40
Nursing Aides, Orderlies, and Attendants	$ 10.95	$ 8.85	$ 12.00	$ 10.70
Physician Assistants	$ 42.10	$ 29.15	$ 48.55	$ 41.70
Registered Nurses	$ 26.85	$ 21.00	$ 29.75	$ 26.50
Surgical Technologists	$ 17.95	$ 14.60	$ 19.65	$ 17.40

Occupational Title	Knoxville, TN MSA, 2013			
	Mean	Entry Level	Experienced	Median
Licensed Practical and Licensed Vocational Nurses	$ 16.95	$ 14.40	$ 18.25	$ 16.70
Nursing Aides, Orderlies, and Attendants	$ 10.05	$ 8.05	$ 11.05	$ 10.00
Physician Assistants	$ 41.40	$ 27.70	$ 48.30	$ 42.70
Registered Nurses	$ 25.55	$ 21.25	$ 27.70	$ 25.65
Surgical Technologists	$ 17.45	$ 15.85	$ 18.25	$ 17.05

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Because this is a replacement hospital project and not a new service, it is anticipated that most if not all needed staff will transfer from the existing hospital site to the new location. However, when new staff is needed, the metro Knoxville area does have adequate professional staff to meet the needs of the hospital.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

The applicant has reviewed and understands all licensing certification required by the State of Tennessee for medical/clinical staff.

6. Discuss your health care institution's participation in the training of

		students in the areas of medicine, nursing, social work, etc. (*e.g.*, internships, residencies, etc.). The Hospital has education affiliations with the following schools and organizations: AT Still University (Arizona School of Health Sciences) Carson Newman College Creighton University East Tennessee State University Grace Academy Independence University Iowa College Acquisition Co (Kaplan University) Lincoln Memorial University Pellissippi State Community College Roane State Community College South College Tennessee Technical College at Jacksboro Tennessee Technical College of Knoxville Tennessee Technical College of Oneida Union Co Schools University of New England University of Miami University of North Carolina at Chapel Hill University of Tennessee, Knoxville University of Tennessee, Memphis Vanderbilt University Walden University Walters State University Wesleyan College Fort Sanders Nursing Dept.
7.	(a)	**Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.** The applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, as well as Medicare requirements.
	(b)	**Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.** **Licensure:** Tennessee Department of Health, Board for Licensing Health Care Facilities **Accreditation:** The Joint Commission

	(c)	**If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.** Tennova Healthcare – Physicians Regional Medical Center is in good standing with all licensing, certifying, and accrediting agencies. A copy of the hospital license is attached as attachment C.Orderly Development.7.c.
	(d)	**For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.** The Hospital is in good standing with all licensing agencies. The Joint Commission just completed PRMC's three year survey and a copy of the report has not been received. That report will be submitted to the Health Services and Development Agency when it is available. In the meantime, a copy of the most recent previous survey inspection is attached as attachment C.Orderly Development.7.d.
8.	**Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.** While there are no final orders or judgments entered by a licensing agency, there is a civil judgment against one of the metro Knoxville hospital campuses, North Knoxville Medical Center. The judgment is against the former owner of the hospital, Mercy Health System, and is being appealed.	
9.	**Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.** There are none.	
10.	**If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.** If the proposal is approved, the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as requested.	

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 as proof of the publication of the letter of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 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. **Please 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.**

Form HF0004
Revised 02/01/06
Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

November 19, 2014 T.C.A. § 68-11-1609(c): _____

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

Phase	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	30 days	January, 2015
2. Construction documents approved by the Tennessee Department of Health	440 days	February, 2016
3. Construction contract signed	470 days	March, 2016
4. Building permit secured	530 days	May, 2016
5. Site preparation completed	620 days	August, 2016
6. Building construction commenced	625 days	August, 2016
7. Construction 40% complete	805 days	February, 2017
8. Construction 80% complete	1,065 days	November, 2017
9. Construction 100% complete (approved for occupancy	1,195 days	March, 2018
10. *Issuance of license	1,205 days	March, 2018
11. *Initiation of service	1,215 days	April, 2018
12. Final Architectural Certification of Payment	1,240 days	May, 2018
13. Final Project Report Form (HF0055)	1,270 days	June, 2018

*** For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

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

List of Attachments

Attachment A.4.	Hospital Organizational documents
Attachment A.9	Bed Complement Chart – Hospital – metro Knoxville campuses combined
Attachment B.I.Project Description.1	Maps of proposed replacement hospital site
Attachment B.I.Project Description.2	Option contract for land
Attachment B.I.Project Description.3	Corporate Ownership Listing
Attachment B.I.Project Description.4	Service Area Map
Attachment B.I.Project Description.5	Projected staffing levels
Attachment B.II.A.1	Photo of existing hospital
Attachment B.II.E.3	Major Medical Equipment Quotes / Equipment Listing and Prices
Attachment B.III.(A)	Plot Plan of Site
Attachment B.III.B.a	Map of Knoxville Area Transit bus routes
Attachment B.III.B.b	Map of Crosstown Connector bus route
Attachment B.IV	Floor Plans
Attachment C.Need.B.3	List of Physician Practices that have relocated
Attachment C.Need.3	Service Area Map
Attachment C.Need.6	Historic and Projected Utilization Chart
Attachment C.Economic Feasibility.1	Contractor's Quote
Attachment C.Economic Feasibility.2	CFO Letter
Attachment C.Economic Feasibility.6	Charges for Top 25 DRGs
Attachment C.Economic Feasibility.10	Audited Financial Statements and Most Recent Income Statements
Attachment C.Orderly Development.7.c	Hospital License
Attachment C.Orderly Development.7.d	Most Recent Survey Inspection Report

Attachment A.4.

RECEIVED
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TRE HARGETT
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State of Tennessee

Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF ORGANIZATION
(LIMITED LIABILITY COMPANY)

(For use on or after 7/1/2006)

FILED

For Office Use Only

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.

1. The name of the Limited Liability Company is: Metro Knoxville HMA, LLC

(NOTE: Pursuant to the provisions of TCA §48-249-106, each limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

2. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:
C T Corporation System
(Name)
800 S. Gay Street, Suite 2021 — Knoxville — TN 37929
(Street address) *(City)* *(State/Zip Code)*
Knox
(County)

3. The Limited Liability Company will be: *(NOTE: PLEASE MARK APPLICABLE BOX)*
☐ Member Managed ☒ Manager Managed ☐ Director Managed

4. Number of Members at the date of filing, if more than six (6): _____.

5. 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)
Date: _____, _____ Time: _____

6. The complete address of the Limited Liability Company's principal executive office is:
5811 Pelican Bay Blvd, Suite 500 — Naples — FL 34108
(Street Address) *(City)* *(State/County/Zip Code)*

7. Period of Duration if not perpetual: _____

8. Other Provisions:

9. THIS COMPANY IS A NONPROFIT LIMITED LIABILITY COMPANY (Check if applicable) ☐

June 8, 2011
Signature Date

Timothy R. Parry
Signature

Organizer
Signer's Capacity (if other than individual capacity)

Timothy R. Parry
Name (printed or typed)

SS-4270 (Rev. 05/06) Filing Fee: $50 per member (minimum fee = $300, maximum fee = $3,000 RDA 2458

TN04J - 02/01/2006 C T System Online

IRS Department of the Treasury
Internal Revenue Service

CINCINNATI OH 45999-0038

In reply refer to: 0235203338
July 07, 2014 LTR 147C 0
45-2535623 000000 00
00002092
BODC: SB

METRO KNOXVILLE HMA LLC
% TAX DEPARTMENT
4000 MERIDIAN BLVD
FRANKLIN TN 37067

016463

Employer Identification Number: 45-2535623

Dear Taxpayer:

We received your request dated June 24, 2014, asking us to verify your Employer Identification Number (EIN) and name.

Your Employer Identification Number (EIN) is 45-2535623. Please keep this letter in your permanent records. Enter your name and EIN on all federal business tax returns and on related correspondence.

If you need forms, schedules, or publications, you can obtain them by visiting the IRS web site at www.irs.gov or by calling toll free at 1-800-TAX-FORM (1-800-829-3676).

Please call Bonnie Reekers at 859-669-3325 between the hours of 7:30 a.m. and 4:00 p.m. EDT with any questions you may have.

You also can write to us at the address shown at the top of this letter's first page.

When you write to us, please attach this letter and, in the spaces below, give us your telephone number with the hours we can reach you in case we need more information. You also may want to keep a copy of this letter for your records.

Telephone Number ( )_____ Hours_____

We apologize for any inconvenience we may have caused you, and thank you for your cooperation.

0235203338
July 07, 2014 LTR 147C 0
45-2535623 000000 00
00002093

METRO KNOXVILLE HMA LLC
% TAX DEPARTMENT
4000 MERIDIAN BLVD
FRANKLIN TN 37067

Sincerely yours,

Barbara Crapser

Barbara Crapser, Dept. Manager
Accounts Management Operations

Enclosure(s):
Copy of this letter

STATE OF TENNESSEE

HEALTH FACILITIES COMMISSION

Certificate of Need #CN9405-024A is hereby granted under the provisions of T.C.A. §68-11-101, *et seq.*, and the rules and regulations issued thereunder by this Commission

to St. Mary's Medical Center, Inc.

for St. Mary's Medical Center

This Certificate is issued for the conversion of twenty-five (25) acute care beds to twenty-five (25) skilled nursing beds to establish a hospital-based skilled nursing facility for subacute patients.

on the premises located at 900 East Oakhill Avenue
Knoxville, (Knox Co.), TN 37917-4556

for an estimated project cost of $ 518,731.00

The Expiration Date for this Certificate of Need is

October 1, 1996

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the effective date, this Certificate of Need is null and void.

Date Approved August 24, 1994

Date Issued October 3, 1994

Oscar Edmonds
Chairman

Linda B. Penny
Secretary

HF-0022 (Rev. 5-93)

METRO KNOXVILLE HMA, LLC
OWNERSHIP INFORMATION

Name of Entity: **METRO KNOXVILLE HMA LLC,** a TN ltd. liability co. (EIN: 45-2535623)
d/b/a Tennova Healthcare – Physicians Regional Medical Center
Corporate Address: 4000 Meridian Blvd., Franklin, TN 37067

Whose sole member is:
Knoxville HMA Holdings, LLC, a TN ltd. liability co. (EIN: 45-2528116)
4000 Meridian Blvd., Franklin, TN 37067
Individual Physician Investors (5.26%)

Whose sole member of **Knoxville HMA Holdings, LLC**, the majority member, is:
Tennessee HMA Holdings, LP, a DE ltd. partnership (EIN: 46-1750499)
4000 Meridian Blvd., Franklin, TN 37067

The partners of Tennessee HMA Holdings, LP are:
Hospital Management Services of Florida, LP, a FL ltd. partnership (EIN: 20-5917647) (99%)
Health Management General Partner, LLC, a DE ltd. liability co. (EIN: 46-1690736) (1%)
4000 Meridian Blvd., Franklin, TN 37067

The members of Hospital Management Services of Florida, LP (above) are:
Health Management Associates, LP, a DE ltd. partnership (27-1601497)(99%)
HMA Services GP, LLC, a DE ltd. liability co. (46-1707507)(1%)
4000 Meridian Blvd., Franklin, TN 37067

The partners of Health Management Associates, LP (above) are:
Health Management General Partner, LLC, a DE ltd. liability co. (46-1690736) (1%)
Health Management Associates, Inc., a DE corporation (61-0963645) (99%)
4000 Meridian Blvd., Franklin, TN 37067

Health Management Associates, Inc. (above). is wholly owned by:
CHS/Community Health Systems, Inc., a DE corporation (EIN: 76-0137985)
4000 Meridian Blvd., Franklin, TN 37067

Which is wholly owned by:
Community Health Systems, Inc., a DE corporation (EIN: 13-3893191)
a publicly traded company, trading under the symbol of "CYH" on the NYSE
4000 Meridian Blvd., Franklin, TN 37067

The limited liability company's officers and directors are:

NAME	TITLE	STREET ADDRESS
W. Larry Cash	Director, President	4000 Meridian Blvd Franklin, TN 37067
Martin G. Schweinhart	Director, Executive VP	4000 Meridian Blvd. Franklin, TN 37067
Rachel A. Seifert	Director, Executive VP and Secretary	4000 Meridian Blvd. Franklin, TN 37067
James W. Doucette	Senior Vice President And Treasurer	4000 Meridian Blvd. Franklin, TN 37067
Kevin J. Hammons	Senior Vice President	4000 Meridian Blvd. Franklin, TN 37067
Christopher G. Cobb	Assistant. Secretary Franklin, TN 37067	4000 Meridian Blvd.

Attachment A.9

9. Bed Complement Data – Tennova Metro Knoxville Hospital
Please indicate current and proposed distribution and certification of facility beds.

		Current Beds Licensed	*CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A.	Medical (Med/Surg)	415		309	416	416
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical	48		32	48	48
E.	ICU/CCU	64		56	68	68
F.	Neonatal	15		6	10	10
G.	Pediatric					
H.	Adult Psychiatric	20		16	20	20
I.	Geriatric Psychiatric	18		12	18	18
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation	30		16	30	30
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR					
Q.	Adult Chemical Dependency					
R.	Child and Adolescent Chemical Dependency					
S.	Swing Beds					
T.	Mental Health Residential Treatment					
U.	Residential Hospice					
	TOTAL *CON-Beds approved but not yet in service	610		447	610	610

Metro Knoxville HMA, LLC (the "Hospital") consists of three hospital campuses in Knoxville, which have a total of 610 licensed beds and are operated under a single hospital license and provider number. This application seeks to relocate 272 of the 401 licensed beds from the Oak Hill campus (PRMC) to the new facility. In addition to 38 psychiatric beds which will be operated at PRMC, Tennova also seeks to retain the remaining 91 medical/surgical licensed beds at the Oak Hill campus. The Hospital is conducting a comprehensive bed need analysis for the Tennova system, as part of a long range strategic plan. Upon completion of that study, and prior to implementation of a certificate of need for the replacement facility, it will either obtain a waiver from the Tennessee Department of Health to retain the beds in inactive status for a defined period of time; file additional applications for the relocation of licensed beds to its other facilities; or delicense the 91 beds.

Attachment B.I.Project Description.1

Knox County Map – Proposed Replacement Hospital Location

- Existing hospital
- Proposed site

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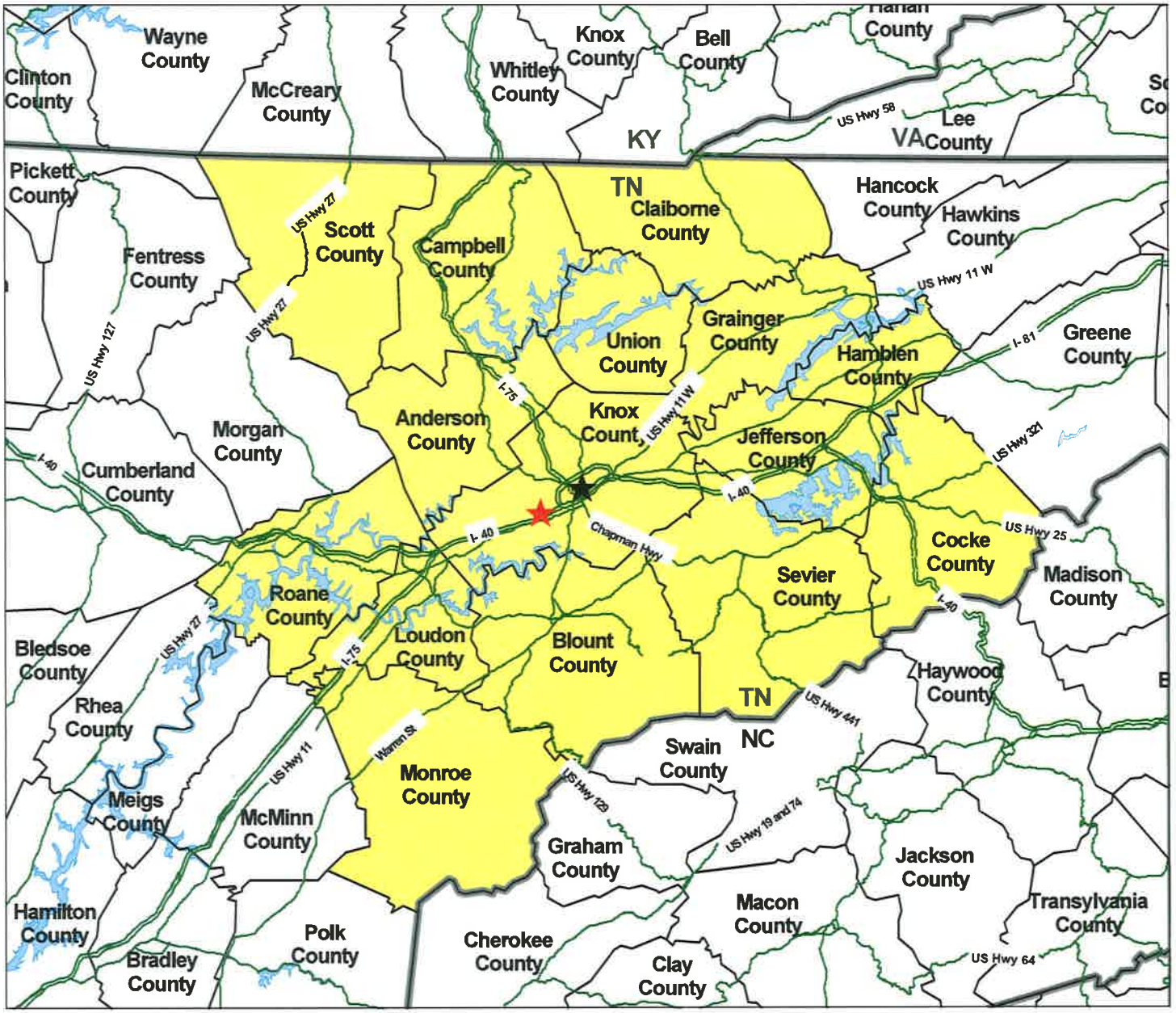
PRMC Replacement Hospital



LEGEND

- Service Area
- Replacement Hospital
- Existing PRMC

SOURCE: PMD Advisory Services, LLC and The Nielsen Company, 06/14/2014. www.PMDAS.com

N

Miles

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Attachment B.I.Project Description.2

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (this "**Agreement**") made on the Agreement Date (as defined in Section 15) by and among BERTA MARY W. SWAN (owner of a one-half undivided interest in the Property (as defined herein) for life), CHARLES K. SWAN III (owner of a one-sixth undivided interest in the Property subject to the life estate of Berta Mary W. Swan), LAURA SWAN MARSHALL (owner of a one-sixth undivided interest in the Property subject to the life estate of Berta Mary W. Swan), RICHARD H. SWAN (owner of a one-sixth undivided interest in the Property subject to the life estate of Berta Mary W. Swan), RIKKI NOEL WATERHOUSE (owner of a one-eighth undivided interest in the Property subject to the life estate of Berta Mary W. Swan), KIMBERLEE ANN WATERHOUSE (owner of a one-eighth undivided interest in the Property subject to the life estate of Berta Mary W. Swan), RICHARD G. WATERHOUSE III (owner of a one-eighth undivided interest in the Property subject to the life estate of Berta Mary W. Swan), TRACY LYNN WATERHOUSE STEELE (owner of a one-eighth undivided interest in the Property subject to the life estate of Berta Mary W. Swan) (individually, each a "**Seller**"; and collectively, the "**Sellers**") and JOHN M. ADAMS, III, a shareholder of Oak Leaf Capital Partners, LLC or his assigns, as agent for an undisclosed principal ("**Buyer**").

WITNESSETH

WHEREAS, Sellers are the owners of property located at 1255 Old Weisgarber Road, in the City of Knoxville, Knox County, State of Tennessee, which includes approximately 107± acres of land (the "**Parent Tract**") which is known as Tax Parcel 106KC017 and more particularly described on Exhibit A attached hereto, together with any improvements located thereon; and

WHEREAS, Sellers desire and agree to sell to Buyer and Buyer desires and agrees to buy from Sellers that portion of the Parent Tract lying south of Middlebrook Pike which portion contains approximately 100± acres of land and is more particularly described on Exhibit B attached hereto (the "**Land**"); together with all improvements located on the Land and all rights and appurtenances pertaining to the Land including any right, title and interest of Sellers in and to the existing adjacent streets, alleys or rights-of-way (the Land together with such improvements and rights and appurtenances and excluding prior conveyances by Sellers heretofore which appear of record in the Register's Office of Knox County, Tennessee being referred to herein collectively as the "**Property**"; and that portion of the Parent Tract that does not include the Land being referred to herein as the "**Remainder Land**"), pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties, Sellers and Buyer agree as follows:

AGREEMENT

1. **Purchase Price.** The purchase price for the Property is Eleven Million Five Hundred Thousand and No/100 Dollars ($11,500,000.00) in gross. The Purchase Price for the Property shall be payable as follows:

(a) the sum of One Hundred Thousand and No/100 Dollars ($100,000.00) payable by Buyer's check or wire transfer as an earnest money deposit for the Property (the "**Earnest Money**") to be paid within three (3) business days after the Agreement Date, to be held by First American Title Insurance Company ("**Title Company**"), through its National Commercial Services office at 6077 Primacy Parkway, Suite 121, Memphis, Tennessee 38119, Attention: Carol Slone, as escrow agent (the "**Escrow Agent**"), in accordance with this Agreement. Subject to the provisions of this Agreement, the Earnest Money shall be applied to payment of the Purchase Price; and

(b) the balance of the Purchase Price shall be paid at the closing of the sale of the Property and delivery of Sellers' deeds (the "**Closing**").

2. **Sellers' Deed.** Upon payment of the Purchase Price, each Seller shall execute and deliver to Buyer its recordable and transferable special warranty deed ("**Deed**"), conveying to Buyer or its Permitted Assignee (as defined in Section 20(a)), its interest in the Property. It is understood that all of the following shall be

"**Permitted Exceptions**" in respect to any such transfer: (a) all covenants, restrictions, easements, rights-of-way and other matters of record (subject to Buyer's rights under Section 7 below); (b) zoning and building laws, ordinances, resolutions and regulations; (c) ad valorem real estate taxes and assessments for public improvements not then due and payable; and (d) any title exception created directly by any act or omission of Buyer or its representatives, agents, employees or invitees. Within ten (10) days after the Agreement Date, Buyer shall disclose to Sellers Buyer's Intended Uses for the Property.

3. **Sellers' Representations and Warranties.** Sellers hereby represent and warrant to Buyer as of the Agreement Date, and hereby agree with Buyer that with respect to the Property:

(a) Sellers have not received notice of any condemnation proceedings or proceedings for change of grade of any street affecting the Property or improvement of any street or sidewalk abutting the Property which are currently threatened or pending.

(b) As of Closing, there will be no leases affecting all or any part of the Property and no written promises, understandings, agreements or commitments between Sellers and any person or entity concerning the sale, conveyance, lease, use or occupancy of any interest in the Property or any part thereof.

(c) Sellers have not received written notice of any pending or threatened actions, suits or proceedings against or affecting the Property or any portion thereof, or relating to or arising out of the ownership, operation, management, use or maintenance of the Property.

(d) At Closing, each Seller shall deliver to Buyer (i) a satisfactory written certificate complying under the Foreign Investment in Real Property Act and the regulations thereunder ("**FIRPTA**"), certifying that such Seller is neither a foreign person nor subject to withholding under FIRPTA, and containing such Seller's tax identification or social security number and address, and (ii) a satisfactory written certificate certifying that such Seller is not, and will not become, a person or entity with whom U.S. persons are restricted from doing business with under regulations of the Office of Foreign Asset Contract (the "**OFAC**") of the Department of Treasury (including those named on the OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including Executive Order 13224), the USA Patriot Act, or any other governmental action.

(e) Sellers have not received written notice of any attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor relief laws contemplated or pending or threatened against Sellers or the Property.

(f) Sellers have duly and validly authorized and executed this Agreement, and have full right, title, power and authority to enter into this Agreement and to consummate the transactions provided for herein, and the joinder of no person or entity will be necessary to convey the Property fully and completely to Buyer at Closing.

(g) The respective individual undivided interest identified for each Seller in the first paragraph of this Agreement represents each Seller's undivided interest in the Property.

(h) Richard G. Waterhouse, Sr. and wife, Berta W. Waterhouse are deceased having died on December 20, 1973 and December 2, 1997 respectively. Richard G. Waterhouse, Jr. is deceased having died on August 14, 1997. Rikki Noel Waterhouse, Kimberlee Ann Waterhouse, Richard G. Waterhouse III and Tracy Lynn Waterhouse Steele are the only children, living or dead, of Richard G. Waterhouse, Jr. Charles K. Swan III, Laura Swan Marshall and Richard H. Swan are the only children, living or dead, of Berta Mary W. Swan. Berta Mary W. Swan is a married woman as of the Agreement Date.

(i) None of the Sellers use the Property as his/her personal residence as of the Agreement Date and shall not use the Property as his/her personal residence on or prior to the Closing Date (as defined herein).

(j) All representations and warranties made by Sellers in this Agreement are true and correct as of the Agreement Date. At the Closing, each Seller shall deliver to Buyer a certificate executed on behalf of such

Seller reasonably acceptable to Buyer certifying that such representations and warranties are true and correct on and as of the date of Closing or specifying any manner in which the same are not true, in which case, Buyer would have the right to terminate this Agreement as its sole remedy. All of Sellers' representations and warranties in this Section 3 shall not survive the Closing and shall be deemed merged into Sellers' deeds.

(k) Notwithstanding the representations and warranties recited above, Sellers retain the right to demolish and remove the barn located on the Property should they so desire, but they are not required to do so.

4. **Approval of Property, Inspection Period and Inspection Period Extension Options.**

(a) Commencing on the Agreement Date and continuing through December 31, 2012 thereafter (the "**Inspection Period**"), Sellers shall afford Buyer and its representatives a continuing right to inspect the Property and to enter upon the Property and the Remainder Land and conduct engineering studies, soil and subsoil tests and make surveys at reasonable hours, and to conduct feasibility studies to determine if the Property is suitable for Buyer's Intended Uses and if it is economically feasible to develop the Property for such purposes. Buyer shall notify Charles K. Swan III and Richard G. Waterhouse III ("**Sellers' Representatives**") within a reasonable time prior to accessing the Property by providing the name of the person or entity that will enter the Property to conduct an inspection or test, the nature of such inspection or test and the date of such inspection or test. Buyer shall indemnify and hold Sellers harmless from and against all claims, damages, losses, liabilities and obligations arising out of Buyer's and/or its agents activities and shall repair any and all damages it or its agents cause to the Property in connection with such activities.

(b) As consideration for Sellers' execution of this Agreement and for the Inspection Period, within two (2) business days after the Agreement Date, Buyer shall pay to Sellers an initial Inspection Period fee of $80,000.00 (the "**First Inspection Period Fee**"). The First Inspection Fee shall be paid by Buyer by wire transfer as provided in Section 4(d) herein.

(c) Buyer shall have the right to extend the Inspection Period for any reason for eight (8) consecutive extension periods of 6 months each by delivering written notice to Sellers (in accordance with the notice provisions of Section 12 herein) and paying to Sellers an additional Inspection Period fee of $50,000.00 for each of the first, second, third and fourth such 6 month extensions and $100,000.00 for each of the fifth, sixth, seventh and eighth such 6 month extensions (each an "**Additional Inspection Period Fee**") on or before the expiration of the Inspection Period or applicable extension period.

(d) The First Inspection Period Fee and any Additional Inspection Period Fee (collectively, the "**Inspection Period Fees**") shall be paid by Buyer to Sellers by wire transfer of immediately available federal funds to the escrow account of Sellers' attorney: Bernard E. Bernstein of Bernstein, Stair & McAdams LLP, The Weston Building, 4823 Old Kingston Pike, Suite 300, Knoxville, Tennessee 37919. Sellers have designated, by their execution of this Agreement, that Charles K Swan III and Richard G. Waterhouse III are Sellers' Representatives and have full authority, acting on behalf of Sellers, to direct the distribution of funds received from this transaction in accordance with the formula attached hereto as Exhibit C. The said Sellers' Representatives are vested with the authority to withhold monies to be used for the payment of all fees and expenses applicable to this transaction and all fees and expenses required for property tax payments, maintenance expenses and the like that are incurred for the period hereafter until the Closing. The Sellers' Representatives will furnish to Sellers a report accounting for all funds received from this transaction and all payments made therefrom.

(e) The Inspection Period Fees paid by Buyer are non-refundable and shall at all times remain the sole property of Sellers and shall not be credited toward or applied against the Purchase Price at the Closing of the sale of the Property to Buyer.

(f) During the Inspection Period (as extended pursuant to this Section 4), Buyer shall have the right to terminate this Agreement for any reason or no reason at all by giving written notice to Sellers (in accordance with the notice provisions of Section 12 herein) of Buyer's election to terminate this Agreement. If Buyer terminates this Agreement prior to the expiration of the Inspection Period (as extended pursuant to this Section 4), the Earnest Money (together with any interest earned thereon) shall be immediately returned to the Buyer by the Escrow Agent, provided the Property has been restored to its condition prior to the execution of this

Agreement as contemplated in Section 4(g) below. If Buyer closes on the purchase of the Property, the Earnest Money (together with any interest earned thereon) shall be applied to payment of the Purchase Price at Closing.

(g) In the event the transaction contemplated by this Agreement is not consummated, Buyer, at its sole cost and expense, shall restore the Property, as nearly as possible, to its condition prior to Buyer's tests and inspections if changed due to such tests and inspections. Such restoration shall be completed by Buyer on or before the date on which this Agreement is terminated.

5. **Sellers' Post Execution Deliverables.** Not later than ten (10) days after the Agreement Date, Sellers shall deliver to Buyer, without any representation or warranty whatsoever, any of the following documents or materials in Sellers' possession: (a) boundary surveys or plats, topographic surveys or aerial maps; (b) Phase I and II environmental assessments, wetland assessments, mitigation plans or reports, archaeological and ecological assessments and copies of current and/or pending permits; (c) ground water studies or soil reports with regard to the Property or adjacent roads; (d) drainage reports or plans, any impoundment study for the proposed lake, flood studies, water quality/detention requirements and/or standards to be met; (e) water, sewer, gas, telephone, electric, and cable plans, capacity/flow studies of existing and proposed locations and future extensions; (f) Sellers' plans for the development of roads on or near the Property, future road extensions, widenings, and right-of-way dedications; (g) engineering reports; and (h) Sellers' most recent owner's title insurance policy (or marked title commitment) issued in connection with the Parent Tract. All of the aforesaid documents and materials shall be returned to Sellers upon any termination of this Agreement.

6. **Warranties.** EXCEPT AS SET FORTH IN THE CLOSING DOCUMENTS EXECUTED BY SELLERS AND AS OTHERWISE PROVIDED IN THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS, WITHOUT WARRANTY, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE CONDITION OF THE PROPERTY OR ITS FITNESS FOR A PARTICULAR PURPOSE.

7. **Title Insurance.** Buyer shall obtain at Buyer's expense a commitment for an owner's policy of title insurance (**"Title Commitment"**) from Title Company within thirty (30) days after the Agreement Date. Buyer shall provide a full and complete copy of the Title Commitment to Sellers promptly following its receipt of the same. If the Title Commitment shows that either Sellers do not have good, record and marketable indefeasible, fee simple title to the Property, or that there are any defects, liens or encumbrances or any other matters which are not acceptable to Buyer, Buyer shall provide written notice with specificity of Buyer's objections to Sellers (the **"Title Objection Notice"**) prior to the later of (a) the date that is sixty (60) days after the Agreement Date or (b) the date that is fifteen (15) days after the date on which Buyer receives the Survey (as defined in Section 8 herein). Within ten (10) days after delivery of the Title Objection Notice to Sellers, Sellers shall advise Buyer by written notice (**"Sellers' Title Response"**) that Sellers elect either to: (a) not remedy any or all of the title objections; or (b) promptly undertake at its expense and diligently pursue corrective action to cure any or all of said title objections or exceptions, in which case Sellers shall have until the Closing to cure such objections and cure of such items shall be an obligation of Sellers and condition to Buyer's obligation to close hereunder. Failure of Sellers to provide notice of their election within such ten (10) day period shall be construed as an election made under (a) above to not remedy such title objections. If Sellers elect not to cure or fails to cure, all of the title objections contained in the Title Objection Notice, Buyer shall have the option (i) to accept the status of the title subject to such defects, liens or encumbrances and other matters (whereupon all of the same shall become Permitted Exceptions) and proceed with this Agreement, or (ii) give Sellers written notice of termination on or before the date five (5) days after Buyer's receipt of Sellers' Title Response, in which event this Agreement shall terminate and Buyer and Sellers shall be released of all liabilities and obligations under this Agreement and the Earnest Money (together with any interest earned thereon) shall be refunded to Buyer; provided, however that the indemnity obligations of the parties under this Agreement and Buyer's obligation to restore any damages to the Property pursuant to Section 4(g) herein shall survive termination.

Notwithstanding the foregoing, if the basis of Buyer's objection to Sellers' title are any mortgages, judgments, debts, security interests, liens, encumbrances, tax or assessment liens or obligations (which real estate taxes or assessments are addressed in Section 11) (which matters are collectively hereinafter referred to as **"Monetary Liens"**), the provisions of this Section 7 shall not apply and Sellers shall obtain and deliver at the Closing all instruments as may be necessary to secure full discharge of all Monetary Liens and to release them of

record, and said releases shall allow the Title Company to issue the policy referred to in the Title Commitment without exception for any such Monetary Liens. Sellers shall also pay all attorney's fees, costs and expenses incurred in connection with obtaining the discharge and release of such Monetary Liens and the cure of any title matters Sellers have elected to cure. If Buyer so desires, all or a part of the net proceeds payable to Sellers at the Closing may be applied to payment of such Monetary Liens at the Closing.

If, after the condition of title to the Property has been approved by Buyer, the Property becomes encumbered or subject to any matter caused or occasioned by Sellers other than those shown on the original Title Commitment not caused by or approved by Buyer, and other than matters specifically contemplated by this Agreement, and if Buyer objects to such encumbrance or matter within ten (10) days after receiving actual knowledge thereof, then Sellers may, but shall not be obligated to, cure any such objections of Buyer, at Sellers' expense, within thirty (30) days after receiving notice of such objections. Failure of Buyer to object within such period of time shall constitute Buyer's acceptance of such matter. If any objection described in this paragraph is not satisfied by Sellers, Buyer shall have the right, as its sole remedy, to either (i) terminate this Agreement, in which case the Earnest Money (together with any interest earned thereon) shall be returned to Buyer and neither party shall have any further rights, obligations or duties under this Agreement; or (ii) elect to purchase the Property notwithstanding Sellers' failure to cure such objection in which case this Agreement shall continue in full force and effect.

At Closing, Sellers shall deliver to the Title Company a standard and customary owner's affidavit and indemnity in the form reasonably required by the Title Company, so long as consistent with the warranties of a special warranty deed, as well as any affidavits of heirship required by the Title Company to confirm the identity of the children of Richard G. Waterhouse, Sr., and wife, Berta W. Waterhouse, Richard G. Waterhouse, Jr. and Berta Mary W. Swan. If the condition set forth in the preceding sentence is not satisfied, Buyer may terminate its obligations under this Agreement and shall be released of all further liability hereunder and shall be entitled to receive a full refund of the Earnest Money and all interest earned thereon; provided, however, that the indemnity obligations of the parties under this Agreement and Buyer's obligation to restore any damage to the Property pursuant to Section 4(g) herein shall survive the termination of this Agreement.

8. **Survey**. Within sixty (60) days after the Agreement Date, Buyer shall, at its sole cost and expense, obtain a survey of the Property which shall delineate and monument the exact boundary lines of the Property (the "**Survey**"). Upon receiving the Survey, Buyer shall promptly provide a full and complete copy of the Survey to Seller. The Survey shall set forth the exact acreage and square footage of the Property and a metes and bounds description of each of the Property prepared by a Tennessee registered surveyor. Said metes and bounds descriptions shall then become a part of this Agreement without the necessity of any further action by any party hereto. Buyer shall deliver to Sellers notice of any objections to survey matters in the Title Objection Notice and the same shall be treated as title objections.

9. **Closing Date and Closing Costs**. If Buyer has not terminated this Agreement in accordance with Sections 4 or 7 above, then delivery of Sellers' deed and all other closing documents to be delivered by Sellers to Buyer and payment of the balance of the Purchase Price in accordance with the provisions of Section 1 hereof, shall occur on a date mutually agreed to by the parties, but not later than thirty (30) days after the expiration of the Inspection Period (as may have been extended pursuant to Section 4 herein) (the "**Closing Date**"). The parties shall close the purchase of the Property in escrow at the Escrow Agent's office at 6077 Primacy Parkway, Suite 121, Memphis, Tennessee 38119 so that the physical presence of Sellers is not required at Closing. At Closing, Buyer shall pay (a) the costs of recording Sellers' deeds and the transfer tax applicable to Sellers' deeds, (b) the cost of the Survey and any title policy Buyer elects to purchase, (c) all closing escrow fees charged by Escrow Agent, and (d) Buyer's own attorneys' fees. At Closing, Sellers shall pay (a) any recordation charges incurred in recording any documents necessary to remove any title objections or encumbrances which Sellers have agreed to remove, and (b) Sellers' own attorneys' fees. At Closing, Sellers and Buyer shall each deliver such instruments or documents as are necessary, or reasonably required by the other and the Title Company, to evidence the status and capacity of Sellers and Buyer, respectively, and the authority of the person or persons who are executing the various documents on their behalf in connection with the purchase and sale transaction contemplated hereby. If requested by Buyer or Title Company, in addition to a special warranty deed, each Seller shall execute and deliver to Buyer at Closing a quit claim deed conveying such Seller's interest in the Property to Buyer.

10. **Possession.** Exclusive possession of the Property shall be given to Buyer on the date of Closing, subject to the Permitted Exceptions. Notwithstanding anything to the contrary herein, Sellers shall have the right, but not the obligation, to demolish that certain barn on the Property at any time prior to the Closing Date.

11. **Real Estate Taxes.** Prior to the Closing, Sellers shall pay all real estate taxes which became a lien prior to the calendar year of the Closing and all assessments for public improvements, general and special that are due and payable prior to the calendar year of the Closing. The real property taxes and assessments on the Property for the calendar year of the Closing shall be prorated (based on a 365-day year) as of the date of Closing in accordance with the custom of Knox County, Tennessee. If the taxes to be prorated cannot be determined, an adjustment for prorated real estate taxes will be made by agreement of the parties based on the principle of proration stated in the preceding sentence. Buyer shall pay any "roll-back taxes" that become due and payable as a result of Buyer's Intended Uses for the Property. Buyer's and Sellers' obligations pursuant to this Section 11 shall expressly survive the Closing for the period of time necessary to achieve a final proration of such taxes.

12. **Notices.** Any notice or other writing required or permitted to be given to a party under this Agreement shall be given in writing and shall be (i) delivered by hand or (ii) delivered through the United States mail, postage prepaid, certified, return receipt requested, or (iii) delivered through or by UPS, Federal Express, Express Mail, Airborne, Emery, Purolator or other expedient mail or package service, addressed to the parties at the addresses set forth below. Any notice or demand that may be given hereunder shall be deemed complete: (a) three (3) days after depositing any such notice or demand in the United States mail with proper postage affixed thereof, certified, return receipt requested; (b) one (1) business day after depositing any such notice or demand with UPS, Federal Express, Express Mail, Airborne, Emery, Purolator, or other expedient mail or package delivery, or (c) upon hand delivery (or evidence of rejection of delivery) to the appropriate address as herein provided. Any party hereto may change said address by notice in writing to the other parties in the manner herein provided. The appropriate address for notice hereunder shall be the following:

Sellers:

c/o Charles K. Swan, III
P.O. Box 22167
Lake Buena Vista, FL 32830

And:

Richard G. Waterhouse III
710 Indian Trace
Mineral Bluff, GA 30559

With a copy to:

Bernard E. Bernstein, Esq.
Bernstein, Stair & McAdams LLP
The Weston Building
4823 Old Kingston Pike, Suite 300
Knoxville, TN 37919

Buyer:

c/o Oak Leaf Capital Partners, LLC
6005 Lonas Drive, Suite 220
Knoxville, TN 37909
Attention: John M. Adams, III

13. **Remedies.**

(a) In the event that Buyer terminates this Agreement pursuant to Section 4 or Section 7 herein, neither Sellers nor Buyer shall have any rights, claims or liabilities hereunder, at law or in equity, or otherwise with respect to the Property or any of the agreements set forth herein and the Escrow Agent shall deliver the Earnest Money, together with interest earned thereon, to Buyer, and all parties shall be released of all liabilities and obligations hereunder; provided, however, that the indemnity obligations of the parties and Buyer's obligation to restore any damage to the Property pursuant to Section 4(g) herein under this Agreement shall survive such termination.

(b) If this Agreement has not been terminated in accordance with any of its provisions at or prior to Closing and Buyer fails to close the purchase and pay the balance of the Purchase Price at Closing for any reason other than Sellers' default, the Escrow Agent shall deliver the Earnest Money, together with all interest earned thereon, to Sellers, and Buyer shall promptly pay to Sellers an additional Ten Thousand Dollars ($10,000), and the Earnest Money (and all interest earned thereon), and such additional Ten Thousand Dollars ($10,000) shall be Sellers' full liquidated damages, the parties hereby agreeing that such sum constitutes the parties' reasonable estimate of the damages which Sellers would sustain on account of such default by Buyer and that Sellers' actual damages in such circumstances would be difficult, if not impossible, to determine, and therefore, the parties hereby fix such amount as liquidated damages. Sellers expressly acknowledge and agree that the termination of this Agreement and delivery of the Earnest Money, together with interest earned thereon, and the additional payment of Ten Thousand Dollars ($10,000) as provided herein shall be Sellers' sole and exclusive remedy in the event of Buyer's failure to perform its obligations hereunder; provided, however, that the indemnity obligations of the parties under this Agreement and Buyer's obligation to restore any damage to the Property pursuant to Section 4(g) herein shall survive the termination of this Agreement.

(c) In the event Sellers breach their obligations under this Agreement and Buyer is not in default of any of its obligations under this Agreement, Buyer may, at Buyer's sole option, do any one or more of the following as its sole and exclusive remedy: (i) terminate this Agreement by written notice delivered to Sellers and receive a full refund of the Earnest Money (together with all interest earned thereon); and/or (ii) enforce specific performance of this Agreement against Sellers including recovery of Buyer's actual documented costs and attorneys' fees in connection therewith. Sellers expressly waive the defense of lack of mutuality of remedies.

14. **Brokers.** Except for Cornerstone CRES of Knoxville, LLC (**"Buyer's Broker"**), Sellers represent to Buyer that there is no broker or other person entitled to a commission or similar fee from Sellers in connection with the transactions described in this Agreement. Buyer represents to Sellers that it has dealt with no agent or broker in connection with this Agreement, except for Buyer's Broker. Sellers and Buyer covenant and agree to defend, indemnify and save harmless the other from and against any claim for any broker's commission or similar fee or compensation for any service rendered in connection with the sale and purchase of the Property. At the Closing, Sellers shall pay a commission of six percent (6%) of the Purchase Price to Buyer's Broker. A commission is payable to Buyer's Broker only in the event Closing actually occurs.

15. **Agreement Date.** **"Agreement Date"** shall mean the date on which this Agreement is executed by the last of Buyer and Sellers.

16. **Entire Agreement.** This Agreement constitutes the entire agreement between Sellers and Buyer and no amendment or modification of this Agreement may be made except by an instrument in writing signed by all parties.

17. **Venue.** This Agreement is made and entered into in Knox County, Tennessee, and the interpretation and enforcement of same shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflicts of law principles. Venue for any judicial proceeding involving this Agreement shall be in Knox County, Tennessee, each party hereto specifically waiving privilege of venue.

18. **Waiver of Jury Trial.** IN THE EVENT OF ANY ACTION OR PROCEEDING, (INCLUDING WITHOUT LIMITATION, ANY CLAIM, COUNTERCLAIM, CROSS-CLAIM OR THIRD PARTY CLAIM) ARISING OUT OF OR, RELATING TO THIS AGREEMENT, OR THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT (I) THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER ALL OF ITS COSTS AND EXPENSES, INCLUDING A REASONABLE ATTORNEYS' FEES AND COSTS, AND (II) A COURT SHALL DETERMINE ALL ISSUES OF LAW AND FACT, A JURY TRIAL BEING EXPRESSLY WAIVED.

19. **Time of the Essence.** Time is declared to be of the essence of this Agreement.

20. **Miscellaneous.**

(a) Assignment. This Agreement shall constitute a binding contract between Sellers and Buyer and shall be binding upon and inure to the benefit of the respective successors and assigns of Sellers and Buyer. Buyer shall have the right at any time to assign its rights and obligations under this Agreement to any third party or entity (each a "**Permitted Assignee**"). Promptly after any such assignment(s) by Buyer, Buyer will furnish Sellers with an executed copy of the Assignment and thereafter the word "Buyer" as used in this Agreement shall be deemed to mean the assignee. No assignment shall, however, release the current Buyer or future assignees from liability under this Agreement.

(b) Severability. In the event any one or more of the provisions contained in this Agreement are held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

(c) Recordation of a Memorandum. Sellers authorize Seller's Representatives to execute on their behalf a short form memorandum of this Agreement ("**Memorandum**") and Buyer and Sellers agree to execute a Memorandum and record such Memorandum in the Register's Office for Knox County, Tennessee. Buyer agrees to execute and record a termination of such memorandum upon any termination of this Agreement and shall be liable for damages if it does not do so.

(d) Counterparts. This Agreement may be executed in any number of counterparts, in original or by facsimile copy or by email transmittal, each of which shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument. A facsimile signature or signature by email transmittal shall have the same force and effect as an "original" signature.

(e) Attorneys Fees. Each party shall be responsible for the payment to the other of all reasonable attorneys fees incurred by in enforcing the provisions of the terms of this Agreement, provided, however, that in any action between the parties relating to this Agreement, the prevailing party in any dispute or litigation shall be entitled to reimbursement from the other party of all the prevailing party's court costs and reasonable attorneys' fees.

21. **Escrow Agent.** The Escrow Agent shall promptly deposit the Earnest Money and hold the same and disburse the same in accordance with this Agreement. Failure of clearance of the Earnest Money shall not excuse Buyer from performance under this Agreement, and shall be a breach of the Agreement by Buyer. The Earnest Money shall be applied against the Purchase Price at Closing, or refunded to Buyer or paid to Sellers if this transaction is not closed, as the case may be, all in accordance with the terms of this Agreement. The Earnest Money shall be deposited by Escrow Agent in an interest bearing account at an FDIC insured financial institution. In performing any of its duties hereunder, the Escrow Agent shall not be liable to a party or to any third person for any erroneous delivery to Buyer or Sellers of monies subject to the escrow, nor shall the Escrow Agent incur any liability to anyone for any damages, losses or expenses, except for the Escrow Agent's own willful default, gross neglect or breach of trust. In the event Escrow Agent has doubts as to its duties or liabilities under this Agreement, the Escrow Agent may, in its discretion, continue to hold monies in escrow until the parties mutually agree on disbursement thereof, or until a court of competent jurisdiction shall determine the rights of the parties thereto. Alternatively, the Escrow Agent may elect to deposit the funds held with a court having jurisdiction of the dispute, and upon notifying the parties of such disposition, all liability of the Escrow Agent under this Agreement shall terminate. In the event of any action between Buyer and Sellers in which the Escrow Agent is made a party by virtue of serving as Escrow Agent under this Agreement, or in the event of any suit in which the Escrow Agent interpleads the monies in escrow, the Escrow Agent shall be entitled to recover all costs including a reasonable attorney's fee through all trials, appeals and other proceedings from the losing party.

22. **Covenant of Cooperation.**

(a) On or before the 10th day following the Agreement Date, Buyer will disclose to Sellers' Representatives the true identity of the Buyer, the intended use(s) of the property and the zoning and land use changes and approvals contemplated that are necessary for Buyer's intended use of the Property.

(b) Prior to the Closing and after the Closing of the sale of the Property to Buyer, Sellers agree to cooperate with and assist Buyer, at no cost to Sellers, in connection with Buyer's efforts to obtain governmental permits and approvals, including zoning and land use approvals, necessary for the use of the Property for Buyer's Intended Uses. Buyer shall furnish to Sellers' Representatives all documents, applications, site plans and other supporting materials filed by Buyer with any governmental entities or agencies in connection with the permits, approvals, zoning and land use approvals sought by Buyer.

(c) Sellers hereby authorize Sellers' Representatives to execute all necessary documents or applications reasonably requested by Buyer in connection with Buyer's attempts to obtain governmental permits and approvals, including zoning and land use approvals, necessary for the use of the Property for Buyer's Intended Uses.

(d) All applications prepared and filed by Buyer seeking to obtain governmental permits, approvals, zoning and land use approvals shall condition the effectiveness of such permits, approvals, zoning and land use approvals upon Buyer closing on the purchase of the Property and paying Sellers the required Purchase Price. All governmental applications prepared and filed by Buyer shall provide that such applications will be null and void in the event that Buyer does not conclude the purchase of the Property and pay the required Purchase Price.

(e) Notwithstanding anything to the contrary herein, Buyer shall not seek or obtain any zoning and land use approvals that will be binding on Sellers or the Property in the event Buyer does not close on the purchase of the Property.

23. **Right of First Refusal to Purchase Remainder Land.** During the term of this Agreement and continually perpetually after the Closing Date, if Sellers receive any offer to purchase or ground lease the Remainder Land (or any portion thereof) from a third party and Sellers desire to accept the same, before acceptance of such offer (a "Bona Fide Offer"), Sellers shall give Buyer written notice of the purchase price, ground lease rent and other business terms contained in the offer (the "Offer Notice") and Buyer shall have right to purchase or ground lease the portion of the Remainder Land that is referenced in the Offer Notice (the "Offer Tract") on the same terms and conditions as set forth in the Offer Notice by giving Sellers written notice within fifteen (15) days after the date on which the Offer Notice was received by Buyer (the "Refusal Period"). If Buyer shall not have exercised its right of first refusal by written notice to Sellers given within the Refusal Period, Sellers shall be free to sell or ground lease the Offer Tract to such third party at the price, rental and on the other business terms described in the Offer Notice. If Buyer exercises its right of first refusal, settlement shall occur within sixty (60) days thereafter upon the terms of the Bona Fide Offer . If Buyer fails to exercise its right of first refusal and Sellers sell or ground lease the Offer Tract to such third party, Buyer's right of first refusal shall remain in effect and apply to any subsequent sale or other transfer of any remaining portion of the Remainder Land. The terms of this Section 23 shall survive the Closing and at the Closing, Buyer and Sellers shall execute a memorandum of Buyer's right of first refusal which shall be recorded in the Register's Office for Knox County, Tennessee. Buyer agrees to execute and record an appropriate termination of such Memorandum upon (i) any termination of this Agreement, or (ii) any full or partial sale or ground lease of the Remainder Land.

[End of page - signatures on following pages]

IN WITNESS WHEREOF, the individual parties hereto have set their hands and in the case of a corporation, caused this instrument to be executed by its duly authorized officers on the date set beside their respective signatures, with each executing Seller signing a separate signature page.

DATE:

1/2/13

BUYER:

OAK LEAF CAPITAL PARTNERS, LLC

By: _____

John M. Adams, III
A shareholder of Oak Leaf Capital Partners, LLC
or his assigns, as agent for an undisclosed principal

DATE:

_____

ESCROW AGENT:

FIRST AMERICAN TITLE INSURANCE COMPANY

By: _____

Print Name: _____

Print Title: _____

The "Agreement Date" is: 01/02/2013
(Must not be dated before date of last signature)

(Individual Seller signatures continue on following pages)

IN WITNESS WHEREOF, the individual parties hereto have set their hands and in the case of a corporation, caused this instrument to be executed by its duly authorized officers on the date set beside their respective signatures, with each executing Seller signing a separate signature page.

DATE:

_____

BUYER:

OAK LEAF CAPITAL PARTNERS, LLC

By:_____

John M. Adams, III
A shareholder of Oak Leaf Capital Partners, LLC
or his assigns, as agent for an undisclosed principal

DATE:

1-2-13

ESCROW AGENT:

FIRST AMERICAN TITLE INSURANCE COMPANY

By: Carol Slone

Print Name: Carol Slone

Print Title: VP

The "Agreement Date" is: 01/02/2013
(Must not be dated before date of last signature)

(Individual Seller signatures continue on following pages)

Signature Page to Real Estate Purchase and Sale Agreement by and between **BERTA MARY W. SWAN; CHARLES K. SWAN, III; LAURA SWAN MARSHALL; RICHARD H. SWAN; RIKKI NOEL WATERHOUSE; KIMBERLEE ANN WATERHOUSE; RICHARD G. WATERHOUSE, III; and TRACY LYNN WATERHOUSE STEELE,** hereinafter collectively referred to as "Sellers," and **JOHN M. ADAMS, III,** A SHAREHOLDER OF Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("Buyer")

DATE:

[illegible]-15-2012

SELLER:

Berta Mary W. Swan

BERTA MARY W. SWAN

(Individual Seller signatures continue on following pages)

Signature Page to Real Estate Purchase and Sale Agreement by and between **BERTA MARY W. SWAN; CHARLES K. SWAN, III; LAURA SWAN MARSHALL; RICHARD H. SWAN; RIKKI NOEL WATERHOUSE; KIMBERLEE ANN WATERHOUSE; RICHARD G. WATERHOUSE, III; and TRACY LYNN WATERHOUSE STEELE,** hereinafter collectively referred to as "Sellers," and **JOHN M. ADAMS, III,** A SHAREHOLDER OF Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("Buyer")

DATE: 12/12/12

SELLER:

C.K.

CHARLES K. SWAN, III

(Individual Seller signatures continue on following pages)

Signature Page to Real Estate Purchase and Sale Agreement by and between **BERTA MARY W. SWAN; CHARLES K. SWAN, III; LAURA SWAN MARSHALL; RICHARD H. SWAN; RIKKI NOEL WATERHOUSE; KIMBERLEE ANN WATERHOUSE; RICHARD G. WATERHOUSE, III; and TRACY LYNN WATERHOUSE STEELE,** hereinafter collectively referred to as "Sellers," and **JOHN M. ADAMS, III,** A SHAREHOLDER OF Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("Buyer")

DATE:

12·13·2012

SELLER:

Laura Swan Marshall

LAURA SWAN MARSHALL

(Individual Seller signatures continue on following pages)

Signature Page to Real Estate Purchase and Sale Agreement by and between **BERTA MARY W. SWAN; CHARLES K. SWAN, III; LAURA SWAN MARSHALL; RICHARD H. SWAN; RIKKI NOEL WATERHOUSE; KIMBERLEE ANN WATERHOUSE; RICHARD G. WATERHOUSE, III; and TRACY LYNN WATERHOUSE STEELE,** hereinafter collectively referred to as "Sellers," and **JOHN M. ADAMS, III,** A SHAREHOLDER OF Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("Buyer")

DATE:

12-12-12

SELLER:

Richard H. Swan

RICHARD H. SWAN

(Individual Seller signatures continue on following pages)

Signature Page to Real Estate Purchase and Sale Agreement by and between **BERTA MARY W. SWAN; CHARLES K. SWAN, III; LAURA SWAN MARSHALL; RICHARD H. SWAN; RIKKI NOEL WATERHOUSE; KIMBERLEE ANN WATERHOUSE; RICHARD G. WATERHOUSE, III; and TRACY LYNN WATERHOUSE STEELE,** hereinafter collectively referred to as "Sellers," and **JOHN M. ADAMS, III,** A SHAREHOLDER OF Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("Buyer")

DATE:

12/14/2012

SELLER:

RIKKI NOEL WATERHOUSE

(Individual Seller signatures continue on following pages)

Signature Page to Real Estate Purchase and Sale Agreement by and between **BERTA MARY W. SWAN; CHARLES K. SWAN, III; LAURA SWAN MARSHALL; RICHARD H. SWAN; RIKKI NOEL WATERHOUSE; KIMBERLEE ANN WATERHOUSE; RICHARD G. WATERHOUSE, III; and TRACY LYNN WATERHOUSE STEELE,** hereinafter collectively referred to as "Sellers," and **JOHN M. ADAMS, III**, A SHAREHOLDER OF Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("Buyer")

DATE:

12-13-12

SELLER:

KIMBERLEE ANN WATERHOUSE

(Individual Seller signatures continue on following pages)

Signature Page to Real Estate Purchase and Sale Agreement by and between **BERTA MARY W. SWAN; CHARLES K. SWAN, III; LAURA SWAN MARSHALL; RICHARD H. SWAN; RIKKI NOEL WATERHOUSE; KIMBERLEE ANN WATERHOUSE; RICHARD G. WATERHOUSE, III; and TRACY LYNN WATERHOUSE STEELE,** hereinafter collectively referred to as "Sellers," and **JOHN M. ADAMS, III,** A SHAREHOLDER OF Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("Buyer")

DATE:

12/12/12

SELLER:

RICHARD G. WATERHOUSE, III

(Individual Seller signatures continue on following pages)

Signature Page to Real Estate Purchase and Sale Agreement by and between **BERTA MARY W. SWAN; CHARLES K. SWAN, III; LAURA SWAN MARSHALL; RICHARD H. SWAN; RIKKI NOEL WATERHOUSE; KIMBERLEE ANN WATERHOUSE; RICHARD G. WATERHOUSE, III; and TRACY LYNN WATERHOUSE STEELE,** hereinafter collectively referred to as "Sellers," and **JOHN M. ADAMS, III,** A SHAREHOLDER OF Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("Buyer")

DATE:

12/12/12

SELLER:

TRACY LYNN WATERHOUSE STEELE

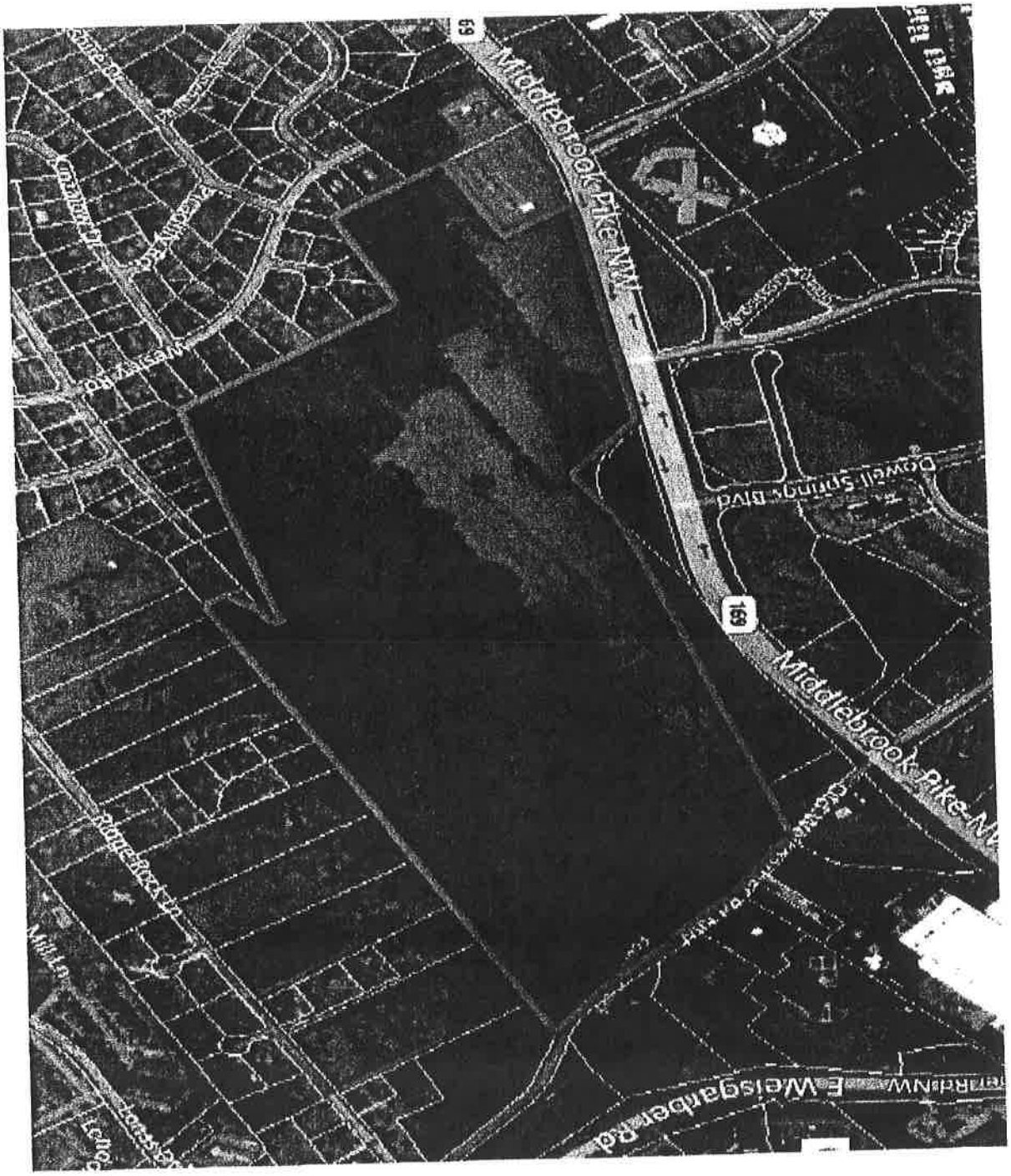
EXHIBIT A TO REAL ESTATE PURCHASE AND SALE AGREEMENT

Diagram of Parent Tract

10176660.12

EXHIBIT B TO REAL ESTATE PURCHASE AND SALE AGREEMENT

Diagram of Land



10176660.12

Exhibit C TO REAL ESTATE PURCHASE AND SALE AGREEMENT

INTEREST OF SELLERS

WATERHOUSE FAMILY

Name			% Interest	
Rikki Noel Waterhouse			12.50%	
Kimberlee Ann Waterhouse			12.50%	
Richard G. Waterhouse III			12.50%	
Tracy Lynn Waterhouse Steele			12.50%	

SWAN FAMILY

Name			% Interest	Notes
Charles K Swan III			16.666%	(1)
Laura Swan Marshall			16.666%	(1)
Richard H. Swan			16.666%	(1)

(1) Berta Mary W. Swan is the owner of a ½ (50%) undivided interest for life in the Property and the Remainder Land. Each distribution of Inspection Period Fees and proceeds from the sale of the Property or the Remainder Land attributable to the Swan Family shall first be allocated to the computed present value of the undivided interest of Berta Mary W. Swan with the remainder then distributed to the Swan Family above based on the percentages indicated. The present value of the ½ undivided interest for life shall be computed using actuarial tables commonly used by the IRS in valuing life estates and an interest rate determined by the Swan Family.

Attachment B.I.Project Description.3

METRO KNOXVILLE HMA, LLC
OWNERSHIP INFORMATION

Name of Entity: **METRO KNOXVILLE HMA LLC,** a TN ltd. liability co. (EIN: 45-2535623)
d/b/a Tennova Healthcare – Physicians Regional Medical Center
Corporate Address: 4000 Meridian Blvd., Franklin, TN 37067

Whose sole member is:
Knoxville HMA Holdings, LLC, a TN ltd. liability co. (EIN: 45-2528116)
4000 Meridian Blvd., Franklin, TN 37067
Individual Physician Investors (5.26%)

Whose sole member of **Knoxville HMA Holdings, LLC**, the majority member, is:
Tennessee HMA Holdings, LP, a DE ltd. partnership (EIN: 46-1750499)
4000 Meridian Blvd., Franklin, TN 37067

The partners of Tennessee HMA Holdings, LP are:
Hospital Management Services of Florida, LP, a FL ltd. partnership (EIN: 20-5917647) (99%)
Health Management General Partner, LLC, a DE ltd. liability co. (EIN: 46-1690736) (1%)
4000 Meridian Blvd., Franklin, TN 37067

The members of Hospital Management Services of Florida, LP (above) are:
Health Management Associates, LP, a DE ltd. partnership (27-1601497)(99%)
HMA Services GP, LLC, a DE ltd. liability co. (46-1707507)(1%)
4000 Meridian Blvd., Franklin, TN 37067

The partners of Health Management Associates, LP (above) are:
Health Management General Partner, LLC, a DE ltd. liability co. (46-1690736) (1%)
Health Management Associates, Inc., a DE corporation (61-0963645) (99%)
4000 Meridian Blvd., Franklin, TN 37067

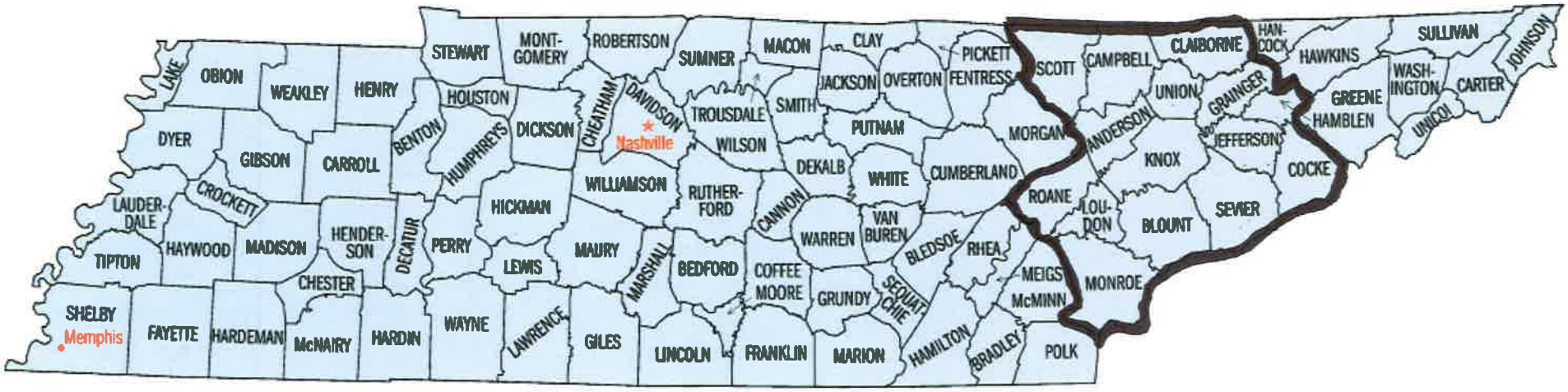
Health Management Associates, Inc. (above). is wholly owned by:
CHS/Community Health Systems, Inc., a DE corporation (EIN: 76-0137985)
4000 Meridian Blvd., Franklin, TN 37067

Which is wholly owned by:
Community Health Systems, Inc., a DE corporation (EIN: 13-3893191)
a publicly traded company, trading under the symbol of "CYH" on the NYSE
4000 Meridian Blvd., Franklin, TN 37067

The limited liability company's officers and directors are:

NAME	TITLE	STREET ADDRESS
W. Larry Cash	Director, President	4000 Meridian Blvd Franklin, TN 37067
Martin G. Schweinhart	Director, Executive VP	4000 Meridian Blvd. Franklin, TN 37067
Rachel A. Seifert	Director, Executive VP and Secretary	4000 Meridian Blvd. Franklin, TN 37067
James W. Doucette	Senior Vice President And Treasurer	4000 Meridian Blvd. Franklin, TN 37067
Kevin J. Hammons	Senior Vice President	4000 Meridian Blvd. Franklin, TN 37067
Christopher G. Cobb	Assistant. Secretary Franklin, TN 37067	4000 Meridian Blvd.

Attachment B.I.Project Description.4


LAKE
OBION
WEAKLEY
HENRY
STEWART
MONT-GOMERY
ROBERTSON
SUMNER
MACON
CLAY
PICKETT
FENTRESS
SCOTT
CAMPBELL
CLAIBORNE
HAN-COCK
HAWKINS
SULLIVAN
JOHNSON
WASH-INGTON
CARTER
UNICOI
GREENE
HAMBLEN
GRAINGER
UNION
JEFFERSON
COCKE
SEVIER
BLOUNT
KNOX
ANDERSON
MORGAN
ROANE
LOU-DON
MONROE
MEIGS
McMINN
BRADLEY
POLK
HAMILTON
RHEA
BLEDSOE
SEQUATCHIE
CUMBERLAND
WHITE
VAN BUREN
WARREN
GRUNDY
MARION
JACKSON
OVERTON
PUTNAM
SMITH
DEKALB
CANNON
COFFEE
MOORE
FRANKLIN
TROUSDALE
WILSON
RUTHER-FORD
BEDFORD
MARSHALL
LINCOLN
DAVIDSON
Nashville
CHEATHAM
DICKSON
WILLIAMSON
MAURY
GILES
HOUSTON
HUMPHREYS
BENTON
HICKMAN
LEWIS
LAWRENCE
WAYNE
DECATUR
PERRY
HARDIN
CARROLL
HENDER-SON
CHESTER
McNAIRY
MADISON
HARDEMAN
FAYETTE
GIBSON
DYER
CROCKETT
HAYWOOD
TIPTON
LAUDER-DALE
SHELBY
Memphis

Attachment B.I.Project Description.5

PRMC Replacement Hospital - Estimated Staffing

Department	Planned FTEs
ICU/CCU	52.2
Surgery	101.4
Cardiac Cath Lab	24.2
General Medicine	177.9
OB/GYN, NICU	50.1
ED	47.8
IP Rehab	16.5
Laboratory	53.5
Pharmacy	40
Imaging/Diagnostics	82.6
Accounting	21
Admitting	38
ASC	19
Biomed/Eng/Sec	51
Cardiac Rehab	4.2
Case Management	21
Dialysis	5.5
HR/EH	7
Materials Mgmt	7
Medical Records	6.5
Medical Staffing	4.5
Mktg/Vol/Comm	11.5
Pain Center	9
Quality/Inf Ctrl	13.5
Rehab (OT/PT/Sp)	40
Respiratory	30
Sleep Center	5
Sterile Processing	10
Tele/Monitor	15.5
Transport	17.6
Wound	2.5
Admin/Nsg Admin/Market	37.3
TOTAL	**1022.8**

Attachment B.II.A.1

Physicians Regional Medical Center

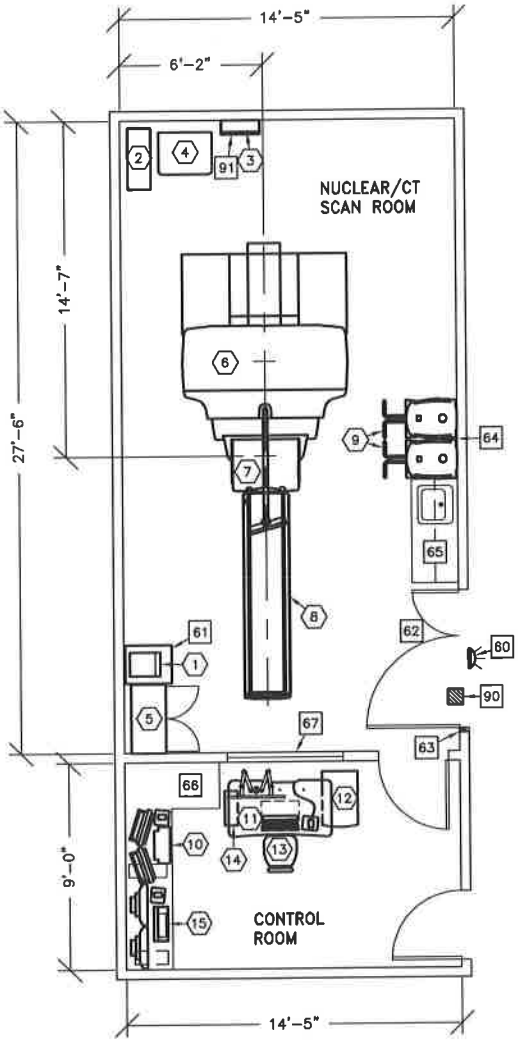
Tennova™ Healthcare

© 2011 Health Management, Inc. Confidential.

Attachment B.II.E.3

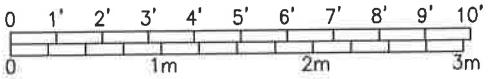
DISCOVERY NM/CT 670

NOTE: THIS IS A SUGGESTED LAYOUT BASED OFF OF GE HEALTHCARE PRE–INSTALL MANUAL. PLEASE CONTACT LOCAL PROJECT MANAGER OF INSTALLATION IF YOUR ROOM LAYOUT OR DIMENSIONS ARE DIFFERENT THAN THE LAYOUT SHOWN.



DRAWING SCALED
2:1 DIMENSIONS
EDITED

ROOM DIMENSIONS	LENGTH & WIDTH	CEILING HEIGHT
MINIMUM:	Refer to Pre–Installation Manual	



SEE APPENDIX "A" FOR POWER SPECIFICATIONS

ROOM PLAN LOCATED ON PAGE 7-76

ITEM	QUANTITY	ITEM DESCRIPTION	WEIGHT	HEAT OUTPUT
1	1	R-WAVE TRIGGER UNIT	19 lbs	170 btu
2	1	UPS SYSTEM	350 lbs	5003 btu
3	1	POWER INPUT DISTRIBUTION BOX	154 lbs	
4	1	POWER DISTRIBUTION UNIT	771 lbs	5119 btu
5	1	STORAGE CABINET <EMPTY CABINET WEIGHT>	99 lbs	
6	1	DISCOVERY NM/CT 670 GANTRY <CT>	3899 lbs	18771 btu
7	1	DISCOVERY NM/CT 670 GANTRY <NUCLEAR>	4629 lbs	4498 btu
8	1	DISCOVERY NM/CT 670 TABLE	1521 lbs	682 btu
9	2	DISCOVERY NM/CT 670 COLLIMATOR CART	551 lbs	
10	1	XELERIS WORKSTATION	55 lbs	255 btu
11	1	FREEDOM WORKSPACE-LARGE TABLE	147 lbs	8191 btu
12	1	T. I. O. CABINET	194 lbs	255 btu
13	1	OPERATOR'S CHAIR		
14	1	NUCLEAR AQUISITION COMPUTER	33 lbs	255 btu
15	1	ADVANTAGE WORKSTATION WITH TWO LCD MONITORS	81 lbs	1109 btu

ENVIRONMENT

Ambient Operation Temperature:	64-79° F [18-26° C]
Allowable Temperature Change:	5° F [3° C] per hour
Humidity:	30-60 percent non condensing
Allowable Humidity Change:	5 percent per hour
Max - Altitude:	7875 FT. [2400 M]

ROOM PLAN LOCATED ON PAGE

ITEM	QUANTITY	ITEM DESCRIPTION	WEIGHT	HEAT OUTPUT
		********** CUSTOMER/CONTRACTOR SUPPLIED AND INSTALLED ITEMS **********		
60		X-RAY ON WARNING LIGHT - AVAILABLE FROM GE SUPPLY CALL: 800-200-9760, GE CAT. NO. WXIABWW-OF-XIU		
61		CART		
62		MINIMUM DOOR OPENING FOR EQUIPMENT DELIVERY IS 44 IN. W x 83 IN. H [1118mm x 2108mm], CONTINGENT ON A 96 IN. [2438mm] CORRIDOR WIDTH		
63		DOOR LIMIT SWITCH (REQUIRED IN , SOUTH CAROLINA OTHERWISE NEEDED ONLY IF REQUIRED BY STATE/LOCAL CODES)		
64		OPTIONAL WALL PROTECTION FROM COLLIMATOR CART. ALSO, FINISHED FLOORING COULD BE SUBJECT TO DAMAGE DURING MOVEMENT AND BEING PARKED FOR A LONG PERIOD. SUFFICIENT FLOORING MUST BE USED TO PREVENT DAMAGE.		
65		COUNTER TOP WITH SINK, BASE AND WALL CABINETS		
66		COUNTER TOP FOR EQUIPMENT-PROVIDE GROMMETED OPENINGS AS REQUIRED TO ROUTE INTERCONNECT CABLES TO RACEWAY BELOW COUNTERTOP		
67		CONTROL WALL TO CEILING WITH LEAD GLASS WINDOW		
90		X-RAY ROOM WARNING LIGHT CONTROL PANEL, REFERENCE JUNCTION POINT 'WLC' ON SHEET 'E1' FOR DETAILED DESCRIPTION-E4502RL FOR WARNING LIGHT CONTROL ONLY		
91		MAIN DISCONNECT CONTROL, GEMS CAT. NO. E4502AE, 125 lbs., SEE DETAIL E4502AE.		

GE Healthcare

QUOTATION

Quotation Number: PR6-C26279 V 1

Physicians Regional Medical Center
900 E Oak Hill Ave
Knoxville TN 37917-4505

Attn: Ms Shelly Fawver
Dir of Spec Proc
900 E Oak Hill Ave
Knoxville TN 37917

Date: 07-17-2014

This Agreement (as defined below) is by and between the Customer and the GE Healthcare business ("GE Healthcare"), each as identified herein. GE Healthcare agrees to provide and Customer agrees to pay for the Products listed in this GE Healthcare Quotation ("Quotation"). "Agreement" is defined as this Quotation and the terms and conditions set forth in either (i) the Governing Agreement identified below or (ii) if no Governing Agreement is identified, the following documents:

1) This Quotation that identifies the Product offerings purchased or licensed by Customer;

2) The following documents, as applicable, if attached to this Quotation: (i) GE Healthcare Warranty(ies); (ii) GE Healthcare Additional Terms and Conditions; (iii) GE Healthcare Product Terms and Conditions; and (iv) GE Healthcare General Terms and Conditions.

In the event of conflict among the foregoing items, the order of precedence is as listed above.

This Quotation is subject to withdrawal by GE Healthcare at any time before acceptance. Customer accepts by signing and returning this Quotation or by otherwise providing evidence of acceptance satisfactory to GE Healthcare. Upon acceptance, this Quotation and the related terms and conditions listed above (or the Governing Agreement, if any) shall constitute the complete and final agreement of the parties relating to the Products identified in this Quotation. The parties agree that they have not relied on any oral or written terms, conditions, representations or warranties outside those expressly stated or incorporated by reference in this Agreement in making their decisions to enter into this Agreement. No agreement or understanding, oral or written, in any way purporting to modify this Agreement, whether contained in Customer's purchase order or shipping release forms, or elsewhere, shall be binding unless hereafter agreed to in writing by authorized representatives of both parties. Each party objects to any terms inconsistent with this Agreement proposed by either party unless agreed to in writing and signed by authorized representatives of both parties, and neither the subsequent lack of objection to any such terms, nor the delivery of the Products, shall constitute an agreement by either party to any such terms.

By signing below, each party certifies that it has not made any handwritten modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

- Terms of Delivery: FOB Destination
- Quotation Expiration Date: 10-15-2014
- Billing Terms: 80% delivery / 20% Installation
- Payment Terms: NET 30
- Governing Agreement: HPG

Each party has caused this agreement to be signed by an authorized representative on the date set forth below. Please submit purchase orders to GE Healthcare
Please submit Purchase Orders to: General Electric Company, GE Healthcare, 3000 N. Grandview Blvd., Mail Code WT-897, Waukesha, WI 53188

GE HEALTHCARE

Wendy Headrick
07-17-2014
Product Sales Specialist

CUSTOMER

Authorized Customer Date

Print Name and Title

PO #

Desired Equipment First Use Date

GE Healthcare will use reasonable efforts to meet Customer's desired equipment first use date. The actual delivery date will be mutually agreed upon by the parties.

INDICATE FORM OF PAYMENT:

If "GE HFS Loan" or "GE HFS Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Financial Services (GE HFS) to fund this arrangement after shipment.

____Cash/Third Party Loan

____GE HFS Lease

____GE HFS Loan

____Third Party Lease (please identify financing company) _____

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Quotation Number: PR6-C26279 V 1

Item No.	Qty	Catalog No.	Description
	1		**Discovery NM/CT 670**
1	1	S0670DB	Discovery NM/CT Integrated with Xeleris 3.1

Discovery NM/CT 670 Integrated system brings together the new NM detectors, new wide bore Gantry, and the BrightSpeed Elite multi-detector 16 slice CT with LightSpeed VCT technology inside. This powerful combination provides high quality hybrid SPECT/CT,standalone NM and standalone CT images across a wide range of applications. With shorter acquisitions achieved via better efficiency, dose reduction and improved image quality. Included is the Xeleris 3.1 Processing and Review Workstation.

Xeleris* 3.1 functional imaging workstation is a Nuclear Medicine, PET, NM/CT, and PET/CT processing, analysis, and review system. Designed with productivity in mind, it can accelerate workflow and provides a powerful clinical diagnostic tool to the medical imaging community. Combining streamlined workflow with a comprehensive clinical library and extensive networking capabilities on a functional imaging workstation, Xeleris 3.1 is at the nucleus of productivity in the clinical imaging department. Utilizing the GE Healthcare-wide graphical user interface, Xeleris 3.1 is the processing and review platform of the Discovery*, Optima* and Brivo* NM and NM/CT series, Infinia* Hawkeye* 4, Ventri, Discovery PET/CT 600 series, and all other molecular imaging cameras in GE Healthcare's current offering. Xeleris 3.1 provides the automated processing and connectivity necessary in today's demanding environment.

NM detectors: The integrated system includes two extra-large rectangular all-digital detectors with a 3/8" crystal for all-purpose nuclear imaging featuring five real-time corrections:

- Uniformity
- Linearity
- Energy
- Isotope decay
- Center of Rotation (COR)

3/8" Nuclear Detector Characteristics:

- 59 circular PMT's - 53 x 3" (76mm) and 6 x 1.5" (38mm)
- Crystal Thickness: 3/8" (9.5mm)
- UFOV: 54 x 40 cm,plus or minus 0.5cm
- Energy Range: 40-620keV

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Item No.	Qty	Catalog No.	Description

Wide Bore Gantry Characteristics:

- Automated detector radial motion (in/out), rotation around the ring, transitions between 180 and 90 or other orientations.
- Flexible design enables a variety of scanning orientations including upright seated or standing patients and imaging patients on stretchers.
- The stationary gantry is optionally secured to the floor, increasing tomographic center-of-rotation precision.
- Camera setup is performed interactively by the remote control handset and via user definable pre-programmed acquisition-specific gantry modes. A gantry display screen displays the current status of the gantry?s moving parts and the patient table.
- Real-time, infrared-based Automatic Body Contouring(ABC) to enhance scanning efficiency and resolution in 90 & 190 SPECT, and Whole Body procedures. ABC enables minimizing patient-detector distance while maximizing image quality.
- Hybrid and CT Stand Alone setup is performed using the CT panels including coronal, sagittal and transaxial lasers control and landmark set up.
- Integrated breathing lights and countdown timer.

Patient Table:

- A dual-axis table is used for planar, whole body, SPECT and CT applications.

Key patient table features include:

- Whole Body scans acquired in step & shoot simultaneous anterior and posterior scans.
- A low attenuation carbon fiber tabletop includes mattress pad/straps for maximum patient comfort.
- Automated, flexible and accurate
  positioning during setup provides ease of use
- Manual emergency egress of the patient before or during the scan.
- Mobile design enables easy swiveling of the table away from the gantry on a pivot point at the rear, facilitating dual-collimator exchange and imaging of seated and stretcher patients.
- Free access from both sides for patients loading/unloading with IV,EKG or other

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Item No.	Qty	Catalog No.	Description

devices.

Acquisition Console:

The integrated SPECT-CT acquisition console employs a Graphic User Interface for exam scheduling, scan acquisition, CT reconstruction and scan QC as well as utilities for protocol editing and routine quality control and analysis. In addition, the BrightSpeed Elite CT desktop environment is available for CT imaging including:

- Protocol Definition
- Networking and archiving manual film control
- CT image processing such as multi-planar reformatting (MPR), multi projection volume rendering (MPVR) and MR image display (See BrighSpeed Elite Product Data Sheet)

Exam Scheduling and Scan Setup:

- Faster patient setup and greater flexibility in patient positioning than preceding products through the use of:
- Advanced Robotic motions
- Fast, easy and reproducible automatic positioning.
- Automatic Body Contouring for SPECT and Planar Whole Body Imaging.
- Multi-scan protocols define the normal sequence of scans for the selected study protocol. Additional scans can be added.
- Factory defined protocols are available to support all standard NM,SPECT-CT and CT clinical applications.

o Preview of scan conditions including display of:

- Energy spectrum for each detector including adjustment of the energy window
- Persistence display during patient positioning (visible on the console as well as the gantry-side display).
- ECG trigger signal display for quality control purposes.

Monitoring Acquisition:

- Synchronizing patient ECG trigger data with multi-gated nuclear image data framing.
- Storing the acquired data in the patient database.

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Item No.	Qty	Catalog No.	Description

- Online live display of:

- Acquired data and imaging parameters

- ECG trigger signal

- Gantry status including gantry position and detector orientation

- Progress and elapsed time

- X-Ray exposure indicator

Data Viewer:

- Threshold and windowing control in multiple window settings
- Cinematic display and scroll of dynamic and all multi-frame datasets.
- Selection of display color maps

Patient Database:

- Collection of all NM and CT acquired data

Scheduled Workflow Support Integrated Healthcare Enterprise (IHE):

- To Do list includes patients scheduled automatically via Modality Worklist or manually (for emergency patients for those sites without Modality Worklist)
- Automatic or manual data transfer in DICOM 3.0 compatible format to network devices such as P&R workstations as soon as acquisition is completed.
- Storage commitment support confirmed archiving to PACS and other storage systems.

CT Image Reconstruction Networking and Archiving:

- The Discovery acquisition station allows networking to both local and wide area networks. Data acquired on Discovery is transferred to Xeleris Processing & Review workstations via DICOM 3.0 standard for processing, archiving and hardcopy.

CT Acquisition Features:

- All CT acquisition features provided

  by the BrighSpeed Elite 16 Slice Edition are available, besides the Gantry tilt and the CT options SmartStep (CT Interventional Kit) and SmartView-Fluro. See BrightSpeed Elite Product Data Sheet.

Utilities Acquisition Software Includes control of camera maintenance activities

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Item No.	Qty	Catalog No.	Description

including:

- Daily/periodic NM QC
- Pulse Height Analysis (PHA)
- Center of Rotation (COR)
- Uniformity Correction Maps
- Energy, sensitivity and linearity maps
- Customizable system parameters
- Definition and setup of acquisition sequences
- Use of preset acquisition protocols
- Detector tuning and calibration (service only)

Gantry Display:

- 1280 x 1024 true-color monitor
- Patient entertainment allows tilt of the monitor to a horizontal position and provides a slot for inserting media and loudspeakers.

Handheld Controller:

- One-handed control of all detector and table motions at any location around the patient table.
- Single click operations without removing the controller from its mounting
- Adjustment of display and other settings at the gantry-side.

Premium Two-axis Patient Table:

- The patient table mechanism transports the patient via manual and programmed motorized motion through the gantry for the NM and CT scanning position.
- The patient table facilitates unrestricted patient access
- Manual patient egress upon emergency is available.
- Supporting handles, running along each side of the table, maximize patient comfort and facilitates patient self-assisted loading and unloading.
- Easy patient positioning and camera setup is based on intuitive hand control and rear gantry control panels.

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- Cradle telescopic arm for transition between NM and CT acquisition while maintaining accurate registration of images.
- Maximum patient length (with leg support) is 215cm (7ft).

Discovery Acquisition Station:

The Discovery NM/CT 670 acquisition station is comprised of the following main components:

- High performance Intelbased PCs, with a Linux multitask operating system.
- 2 side-by-side 19-inch LCD monitors
- Three button mouse with mouse pad
- Universal connectivity via DICOM 3.0 (as per DICOM conformance statement) using TCP/IP based connectivity.
- Scan Control keyboard assembly with intercom speaker, microphone and volume controls.
- Comprehensive electronic operator documentation
- Communication with gantry motion control via Ethernet
- Receiving full energy and position signal data from camera which is reframed into DICOM 3.0 conformant data
- Standard, selectable items, local language kit including users manuals and local keyboard layout.

VolumeViewer 3.1 on OC

AW VA2, VR2 & Nav2 for the Operator Console includes Volume Analysis, Volume Rendering and Navigator Software. This Combination Allows the User to Render Volumetric Data in Three Dimensions for Use in Analysis of Patient Condition i.e.CT Angiography (CTA), gives more Information on the Spatial Relationships of Structures than Standard 3D, Allows the Translucent Visualization of Structures for Improved Problem Solving, can Perform "Virtual Endoscopies" of Air and Contrast Filled Structures. Enables 3D Reformats in any Plane ALL on the Xtream ready Console.

Touch Ruler Also included is an interactive touch ruler.

An interactive touch-sensitive device mounted at one side of the patient table, used to define nuclear imaging scan range (start and stop points), saving the need to enter these values manually from the operator console.

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Item No.	Qty	Catalog No.	Description
			Included is X2 AAO Motion DC MDC - Motion Detection and Correction Automated cardiac and general purpose SPECT motion correction integrated into Xeleris applications. Detect and correct automatically for motion in the X and/or Y-axis, with dual head, image masking and gradient mode selectable options for improved accuracy. QA tools include: Cine of original and corrected projection data with reference lines; Side by side original and corrected Sinograms and Selective Linograms; Graphs of X-Shifts and Y-Shifts (in pixels) and Integrated into Myovation Cardiac Suite and other general purpose SPECT reconstruction packages.
2	1	H2506TB	Discovery NM LEHR Collimators with Cart D670 Low Energy High Resolution Collimators Includes: o Two LEHR Collimators o Collimators Mounted on a Dedicated Collimator Cart
3	1	H2506TC	Discovery NM MEGP Collimators with Cart D670 Medium Energy General Purpose Collimators Includes: o Two MEGP Collimators o Collimators Mounted on a Dedicated Collimator Cart
4	1	H2506TF	A set of 1 pinhole collimator with 3 inserts with collimator cart for Discovery NM 670
5	1	H3602SL	Center of rotation source holder for Quality assurance , easily attached to Infinia or Ventri table.
6	1	H3100PE	An L-shaped metal plate attachable to the wall with an opening for a syringe in order to acquire point source-based flood acquisition at a few meters distance from vertically positioned detector for QA purposes.
7	1	H3100PF	Quality Control Flood Source Holder Kit A large plate mounted at a small distance above the NM detector on which the flood source is positioned in order to perform acquisition of flood studies for QA/QC purposes.
8	1	H3100PL	bar phantom for spatial resolution and linearity tests of gamma cameras. The phantom consists of four quadrants with different bar specification: For each of the quadrant, bar spacing is 2.5mm, 3.2mm, 3.5mm & 4.0mm.
9	1	B7500LN	ConnectPro HIS/RIS Interface Option for LightSpeed and BrightSpeed with Linux

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Item No.	Qty	Catalog No.	Description
			ConnectPro Offers New Levels of Productivity to LightSpeed Users by Providing a Connection Between the Facilities Hospital (HIS) or Radiology (RIS) Information System. ConnectPro Simplifies and Eliminates Errors in Patient Data Entry. Data Available at the Operator Console When Using ConnectPro Includes: • Procedure Step Code/Description • Requested Procedure Code/Description • Performed Procedure Step Compatibility • Demographic Data - Name, ID, Age, Birthday, Sex, etc. • Study UID - Unique ID Number • Scheduling Info - Dept, Modality, Station Address, Accession #, Date, Time The Operator has Three Convenient Ways to Enter Patient Information: • Scan Barcode • Type in Unique Identification Number • Select From a List of Patients All of This Results in: • Enhanced Productivity • Direct Patient Data Entry • On-line Access to Schedules • Display of Patients Scheduled for Current Time of Day • Full Simultaneity with All Scanner Operations • Eliminates Errors Critical for "Filmless" Operation • Enhances Quality of Care • Obtain Key Data From Your HIS/RIS via Modality Worklist - Allergies, Pregnancy Status, Medical Alerts • User-selectable Filtering and Sorting • Seamless Integration with LightSpeed • Performed Procedure Step Compatibility Does NOT include a bar code reader Note: May Require Interface Box for Conversion of HL7 to Dicom.
10	1	H2505JY	Self Contained ECG Trigger Monitor with 7 Inch, Two Trace Display, to Confirm and Output a Reliable ECG Trigger Signal Synchronized with a Patient's R-Wave. Used for Gated FirstPass, MUGA and Multigated Cardiac SPECT Studies. Key Features Include:

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			• ECG Freeze/Cascade to Capture Ectopic ECG Waveforms • Trigger Mark Bright Spot on Display Confirms Reliable Triggering and Timing • Fully Automatic Operation - Just Connect to the Patient • Easy to Read Display of Heart Rate and Key Settings (Alarms, ECG Lead Selection) • Simple Menu Operation for Set-Up and Other Selections • Universal Power Supply Covering 100 to 230 Volts, and 50 and 60 Hz with Automatic AutoNotch Frequency Detection Accessories Included: • 3 Lead Patient Cable • Patient Leads • 2.4m BNC to BNC Cable • 2.4m 110-Volt Power Cable • 4.6m Stereo to BNC Cable • Operators Manual
11	1	H2505KT	A lightweight space-saving cart which enables effortless mobilization of the IVY 3000M Rwave Trigger around the NM imaging system. Using it for IVY3000M requires also the MOUNTING PLATE FOR IVY (H2505KS) in order to secure it in place.
12	1	H2505KS	An adaptor attaching the IVY 3000M Rwave Trigger to the IVY Monitor roll stand (E8007RK or H2505KT), securing in place.
13	1	H3100PG	NM 600 Series Patient Pallet Extender The patient pallet extender for NM 600 Series products can be used to extend the table top for multi-FOV SPECT, SPECT/CT and whole body studies. Length is 600mm; Width is 391mm; 300mm extension Note - The use of the extender requires more space between the camera and the back wall of the scan room. Consult with GE Healthcare project manager for minimum room size requirements.
14	1	H2506TR	NM600 DETECTORS DISMOUNT An option enabling transportation and mobilization of the NM600 series gantry

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Item No.	Qty	Catalog No.	Description
			separated from the detectors for easier load in elevators or easier access through restricted paths such as narrow hallways or doorways
15	1	B7590EN	• Keyboard • Operator and Technical Manual • Labeling
16	1	H3900MH	Ectoolbox VI Workstation A comprehensive set of nuclear cardiology protocols for advanced cardiac analysis, including a variety of databases of normal patients for comparison covering various acquisition protocols, including 1 and 2 day Sestamibi, Dual Isotope, Stress/Rest Tetrofosmin, Thallium, Myoview Pharmacologic Stress, and a 1 day Rest/Stress Tetrofosmin for GE Healthcare Discovery NM 530c and NM/CT 570c cameras.
17	1	H3901RH	Cedars Sinai Cardiac Packages (option) A comprehensive set of nuclear cardiology protocols for advanced cardiac analysis, including: o Cedars Sinai Quantitative Perfusion SPECT? (option) o Automatic 3-Dimensional software approach to quantitative Perfusion SPECT. o Cedars Sinai Quantitative Gated SPECT? (option) o An application calculating the ejection fraction of the left ventricle and a 3D surface display is generated. o Cedars Sinai Companion (option) o Optional module for QGS and QPS applications features - 17 segment scores and templates in QPS - Diastolic filling parameters in QGS - Eccentricity ratio in QGS
18	1	S8006WG	Evolution for Bone, Evolution for Cardiac and Evolution for Planar Bone for the Camera and Xeleris. Contains the following: EFC SPECT Camera License Enables Camera capability to provide data for Evolution for Cardiac (EfC). EfC provides Evolution Resolution Recovery reconstruction on SPECT Myocardial Perfusion Imaging (MPI) scans. The EfC application may be utilized to provide equivalent image quality on half-dose or half-time MPI scans. Available for Infinia and Infinia Hawkeye 4 (on Windows XP Operating System) as well as Discovery NM/CT 670 & Ventri. This license can only function with pre-requisite JHU-RR (H3901KS/H3901KT) and EFC FOR XELERIS3 (H3901ME) Evolution for Bone SPECT Camera License Enables Camera capability to provide data for Evolution for Bone (EfB). EfB provides Evolution Resolution Recovery reconstruction on SPECT bone scans. The EfB application may be utilized to provide equivalent image quality on half-dose or half-time bone scans. Available for Infinia and Infinia Hawkeye 4 (on Windows XP

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			Operating System) as well as Discovery NM/CT 670. This license can only function with pre-requisite JHU-RR (H3901KS/H3901KT) and EFB FOR XELERIS3 (H3901MD)
			EFB PLANAR CAMERA LICENSE
			Enables Camera capability to provide data for Evolution for Planar Bone (EfPB). EfPB provides adaptive Structure Matching non-Local filtering on planar bone scans. The EfPB application may be utilized to provide equivalent image quality on half-dose or half-time bone scans. Effective for D670, D630, Infinia and Infinia Hawkeye 4 family of cameras. This license can only function with pre-requisite Evolution Planar Bone (H3901NF)
			Evolution for Bone for Xeleris 3
			Evolution for Bone provides Evolution Resolution Recovery reconstruction on SPECT bone scans. The EfB application may be utilized to provide equivalent image quality on half-dose or half time bone scans. This license H3901MD processes Infinia,Infinia Hawkeye 4,and Discovery 670 family of camera data. This license can only function with pre-requisite JHU-RR (H3901KS/H3901KT) and (H3602NH) EFB SPECT CAMERA LICENSE
			EVOLUTION PLANAR BONE
			Xeleris 3 Evolution for Planar Bone enables reduced time or dose on whole body or spot bone studies acquired on Discovery 670 NM/CT and Infinia cameras.
			Evolution for Cardiac for Xeleris 3
			Evolution for Cardiac provides EfC provides Evolution Resolution Recovery Reconstruction on SPECT Myocardial Perfusion Imaging (MPI) scans. The EfC application may be utilized to provide equivalent image quality on half-dose or half-time MPI scans. This license H3901ME processes Infinia, Infinia Hawkeye 4, Ventri and Discovery 670 family of camera data. This license can only function with pre-requisite JHU-RR (H3901KS/H3901KT) and (H3602NJ) EFC SPECT CAMERA LICENSE
			Xeleris 3 USB Hasp
19	1	H3900JD	Xeleris Dual Monitor license required to enable dual monitor functionality on Xeleris.
20	1	H3900MA	Concurrent Use Client for Xeleris Suite Server
21	1	H3900MB	Additional Concurrent Use Client for Xeleris Suite Server (2nd)
22	1	H3901RN	1st XFL Client for Cedars Suite
23	1	H3900MH	Ectoolbox VI Workstation A comprehensive set of nuclear cardiology protocols for advanced cardiac analysis, including a variety of databases of normal patients for

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			comparison covering various acquisition protocols, including 1 and 2 day Sestamibi, Dual Isotope, Stress/Rest Tetrofosmin, Thallium, Myoview Pharmacologic Stress, and a 1 day Rest/Stress Tetrofosmin for GE Healthcare Discovery NM 530c and NM/CT 570c cameras.
24	1	H3901KK	Xeleris 3 Server License Enables XFL functionality on the Xeleris 3 Workstation.
25	1	H3900NR	X2 AAO XFL DUAL MONITOR XFL Dual Monitor License: license for Dual Monitor Optimized Xeleris Applications on XFL clients.
26	1	W0103NM	TiP Applications Discovery NM/CT Succeed Advance Training Program TiP Applications Discovery NM/CT Succeed Advance includes: • 13 onsite days covered over 4 site visits • 10 hrs. TVA • 1 TiP Headquarter Class Onsite training and TVA are delivered Monday through Friday between 8AM and 5PM. T&L expenses are included. Headquarters classes are delivered in the Milwaukee area and include travel and modest living expenses. This training program must be scheduled and completed within 24 months after the date of product delivery.
27	1	E4502KY	2 Phase 10 KVA Partial UPS for CT Lightspeed and Lightspeed PRO The 2 Phase 10 KVA Partial System UPS kit has been specifically designed to coordinate with the BrightSpeed, LightSpeed and LightSpeed PRO 16 families of CT scanners. In the event of a power outage, a partial system UPS provides continuous back-up power to the scanner host and control computers, thus assuring no loss of usable scan data. In addition, critical circuits in the gantry and table remain powered which facilitate the safe removal of the patient from the scanner. If power is restored within the battery hold-up time, the operator can continue scanner operations without the need to reboot the system. When longer power outages are anticipated, the UPS provides time for the operator to complete an orderly shutdown of the system software. FEATURES/BENEFITS • True double-conversion, online technology provides reliable operation and uninterrupted glitch free power. • Automatic voltage and frequency selection eases startup, i.e., 50 or 60 Hz compatible

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Item No.	Qty	Catalog No.	Description
			• Integral Static Bypass switch means zero transfer time • Integral Manual Bypass switch facilitates continued scanner operation while UPS is being serviced • Single input connect utilized for both UPS input and static switch • Maintains system electronics and allows critical scanner operations to continue for 10 minutes (typical) after loss of power • Advanced Battery Management (ABM) software monitors / indicates battery health and doubles battery service life SPECIFICATIONS • Dimensions (H x W x D): 32.7" x 12" x 32" • Weight: 350 lbs. • Rating: 10 kVA • Input Voltage Range: 85-144V / ph; 2 Phase • Output Frequency: 50 or 60 Hz, auto-sensing COMPATIBILITY • HiSpeed Advantage-RP, CT/I, Lightspeed QXi, LightSpeed Plus, LightSpeed Ultra, LightSpeed 16, BrightSpeed Systems, LightSpeed Pro 16 and RT Systems, Discovery NM 670 (Nuc) NOTES: • Customer is responsible for rigging and arranging for installation with a certified electrician • ITEM IS NON-RETURNABLE AND NON-REFUNDABLE
28	1	E4502AB	90 Amp Main Disconnect Panel for CT This 90 amp main disconnect panel for GEHC CT systems provides emergency shut down, undervoltage protection, overcurrent protection, local disconnect for the imaging system. It also reduces installation time and cost by providing a single-point power connection eliminating the need to mount and wire a number of individual components. The standardized design and testing assures high product quality and system reliability, and it is UL and cUL listed for compliance with National Electric Code. Panel can be surface or semi-flush mounted and includes one remote emergency off push button. Customer is responsible for rigging and arranging for installation by a licensed electrician. ITEM IS NON-RETURNABLE and NON NON-REFUNDABLE Warranty Code: Y
29	1	E8500NB	Patient Arm Support for NM, PET/CT, MR

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Quotation Number: PR6-C26279 V 1

Item No.	Qty	Catalog No.	Description
			Padded Arm Rest combines total arm support and passive restraint, increasing patient comfort during extended procedures. Designed to accommodate virtually all patients. Compatible with most Nuclear Imaging systems and can also be used in MRI, CT and PET applications. Constructed with a comfortable, full support polyfoam with a seamless coated finish. Warranty Code: H
30	1	E8500NC	Patient Leg Rest for Nuclear, PET/CT, MRI Contoured Leg Rest prevents low back stress and pain that occurs during supine imaging and treatment, measures 7 in. H x 17 in. D x 13 in. W. Designed to accommodate virtually all patients. Compatible with most Nuclear Imaging systems and can also be used in MRI, CT and PET applications. Constructed with a comfortable, full support polyfoam with a seamless coated finish. Warranty Code: H

Quote Summary:

Total Quote Net Selling Price **$976,705.47**

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price Includes Trade In allowance, if applicable.)

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General Electric Company, GE Healthcare Division
Please submit Purchase Orders to: General Electric Company, GE Healthcare, 3000 N. Grandview Blvd., Mail Code WT-897, Waukesha, WI 53188

Quotation Number: PR6-C26279 V 1

Options

(These items are not included in the total quotation amount)

Item No.	Qty	Catalog No.	Description	Ext Sell Price	Initial To Accept
31	1	H3100JM	Discovery 670 Adaptive statistical iterative reconstruction (ASiR) of CT data is an optional hardware and software package for Brightspeed 16 that cuts noise and boosts diagnostic confidence of abdominal lesions while slashing radiation dose. The AsiR algorithm takes into account precise modeling of the x-ray photon statistics and electronic noise, all of which are less accurate in FBP.	$116,000.00	X_____
32	1	S8006SL	Xeleris 3 Evolution Tool Kit Software Licenses for a single Xeleris 3 Workstation with one Camera License each. This item contains two software licenses that are also available separately. o Xeleris 3 Evolution Toolkit provides Evolution reconstruction benefits integrated within the Volumetrix MI workflow. The Evolution Toolkit contains statistical tools to model reduced time or injected dose.Evolution reconstruction supports Tc99m, In111,Ga67, I123 and Tl201 isotopes and the Discovery 670 NM/CT and Infinia cameras. o Enables Camera capability to provide data for Evolution Toolkit. The Evolution Toolkit provides Evolution Resolution Recovery reconstruction on SPECT scans resulting in improved resolution and contrast. The Evolution Toolkit application may be utilized with included statistical re-sampling tools to determine optimal dose or time reduction on SPECT studies. Evolution Toolkit supports Tl201, Tc99m, I-123, Ga67, In111 isotopes. This license H3602NH is for the Infinia, Infinia Hawkeye 4 and Discovery 670 family of cameras. This license can only function with pre-requisite JHU-RR (S8006RZ / S8006S) and EFB FOR XELERIS3 (H3901MD)	$15,000.00	X_____
33	1	H3901NE	DOSIMETRY TOOLKIT	$9,000.00	X_____

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Quotation Number: PR6-C26279 V 1

Item No.	Qty	Catalog No.	Description	Ext Sell Price	Initial To Accept
			Dosimetry Toolkit uses consecutive patient WB SPECT/CT and/or WB planar datasets for quantifying changes in radiopharmaceutical uptake over time and calculating residence time per organ for Radio-Isotope Therapy (RIT) treatment planning purposes. The application results can be used as input for RIT planning applications such as OLINDA or similar. The Dosimetry toolkit includes tools that can help the user to perform in a quick and convenient way the following tasks: o "Reconstruction of all SPECT/CT data, including accurate SPECT/CT registration and quality control, along with patient motion detection and correction, attenuation, scatter and collimator blurring corrections. Image reconstruction is performed using iterative algorithm (OSEM). o "Registrations of all scans to one common reference with semi-automatic/manual tools that enable the user to perform local organ registration o "Segmentation of the different organs with semi-automatic/manual tools to differentiate between overlapping organs o "Create time activity curves for each of the organs o "Curve fitting "Calculate imaging agent residence o time in each organ o "Export results and all numerical values in format suitable for input to OLINDA or similar RIT planning applications **Dosimetry Toolkit is only available with Discovery NM/CT 670 data and is available for sale only for selected countries.		

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price Includes Trade In allowance, if applicable.)

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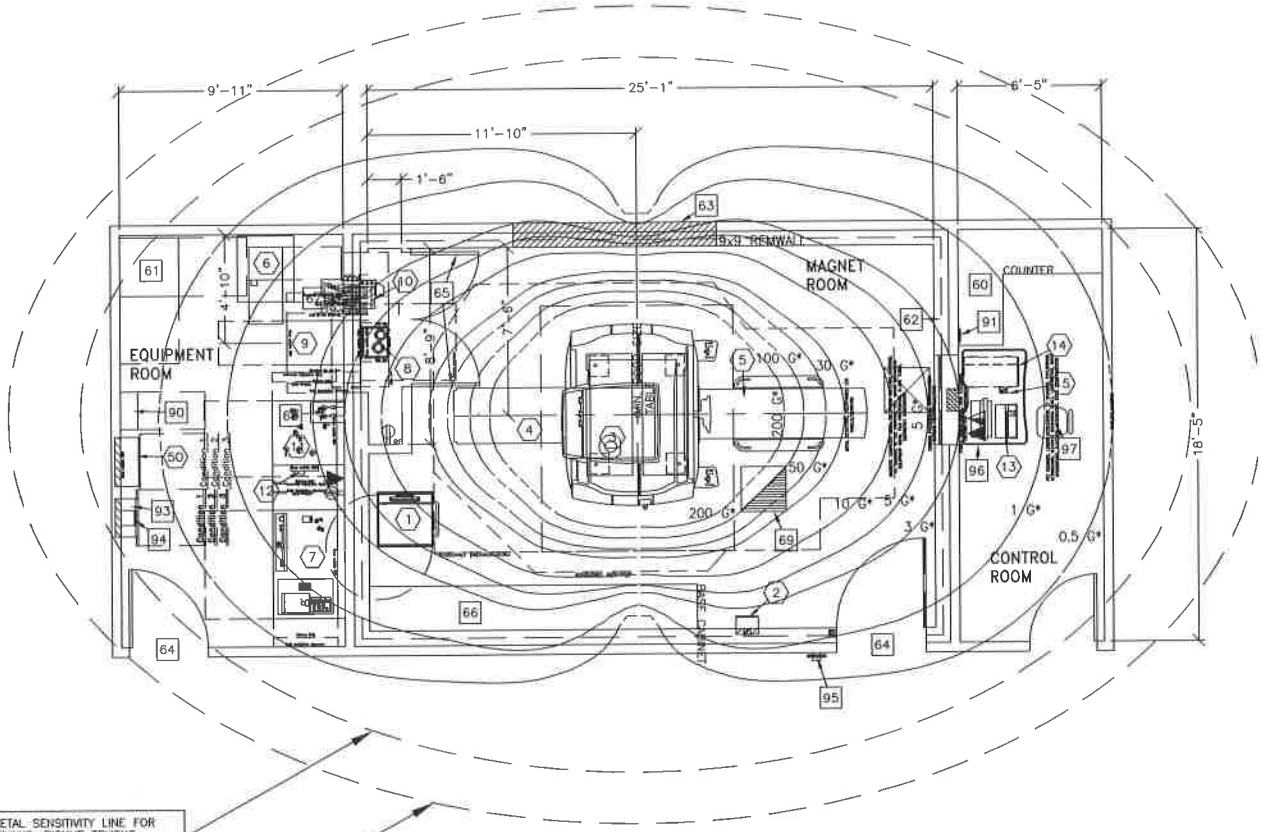
Optima MR450W



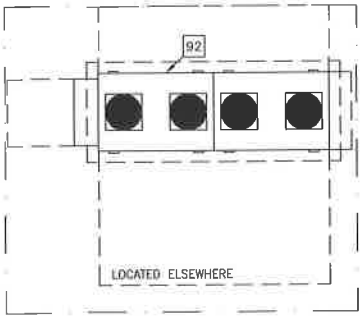
MOVING METAL SENSITIVITY LINE FOR CARS, MINIVANS, PICKUP TRUCKS, AND AMBULANCES.

NOTE: FERRROUS OBJECTS MUST NOT MOVE INTO OR INSIDE OF THE MOVING METAL SENSISTIVITY LINE DURING SCANS.

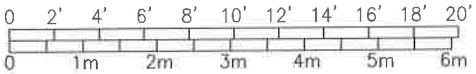
MOVING METAL SENSITIVITY LINE FOR BUSES AND TRUCKS (DUMP, TRACTOR TRAILER, UTILITY, FIRE TRUCKS)

THE SCHOLLED MAGNETIC FLUX HEIGHT WILL VARY FROM THE CORNERS PLUS OR, IN ENCROSS SUCH AS CONTAINING EFFECTS OF NEARBY FERROUS OBJECTS AND AMBIENT FIELD, INCLUDING THE EARTH'S MAGNETIC FIELD.

POTENTIAL EXISTS UNDER FAULT CONDITIONS THAT THE 5 GAUSS LINE MAY EXPAND RADIALLY TO 8.35 FT. [2.85 M] AND AXIALLY TO 14.27 FT. [4.35 M] FOR 2 SECONDS OR LESS. IT SHOULD BE NOTED THAT NORMAL RAMPDOWNS OR MRU (MAGNET RUNDOWN UNIT) INITIATED QUENCHES WILL NOT CAUSE THE MAGNETIC FIELD TO EXPAND.



NOTE: THIS IS A SUGGESTED LAYOUT BASED OFF OF GE HEALTHCARE PRE-INSTALL MANUAL. PLEASE CONTACT LOCAL PROJECT MANAGER OF INSTALLATION IF YOUR ROOM LAYOUT OR DIMENSIONS ARE DIFFERENT THAN THE LAYOUT SHOWN.



ROOM DIMENSIONS	LENGTH & WIDTH	CEILING HEIGHT
MIN. MAGNET RM:	21'-0" X 14'-0" [6.40m X 4.27m]	8'-9" [2.67m]
MIN. EQUIP. RM:	14'-6" X 8'-3" [4.42m X 2.51m]	9'-6" [2.90m]

SEE APPENDIX "A" FOR POWER SPECIFICATIONS

ROOM PLAN LOCATED ON PAGE 8-229

ITEM	QUANTITY	ITEM DESCRIPTION	WEIGHT	HEAT OUTPUT
1	1	SPT PHANTOM CABINET	350 lbs	
2	1	MAGNET RUNDOWN UNIT	8 lbs	
3	1	1.5 TESLA ACTIVE SHIELD MAGNET	11975 lbs	8191 btu
4	1	REAR PEDESTAL	213 lbs	
5	1	PATIENT TRANSPORT TABLE (DOES NOT INCLUDE PATIENT)	462 lbs	
6	1	SHIELD COOLER CABINET	264 lbs	1706 btu
7	1	POWER, GRADIENT, RF CABINET	3143 lbs	20945 btu
8	1	BLOWER BOX		1535 btu
9	1	PEN PANEL CABINET (EXAM ROOM SIDE)	639 lbs	10699 btu 1023 btu
10	1	RF PENETRATION PANEL	92 lbs	
11	1	HEAT EXCHANGER CABINET	1349 lbs	3412 btu
12	1	MAGNET MONITOR	11 lbs	819 btu
13	1	OPERATOR WORKSPACE W/COLOR LCD MONITOR		4948 btu
14	1	OPERATOR WORKSPACE CABINET	141 lbs	
15	1	PATIENT ALERT CONTROL BOX		
50	1	MAIN DISCONNECT PANEL	130 lbs	901 btu

ENVIRONMENT

Ambient Operation Temperature: 59-69.8° F [15-21° C] - Magnet Room
Allowable Temperature Change: 5° F [3° C] per hour
Humidity: 30-60 percent non-condensing
Allowable Humidity Change: 5 percent per hour
Max - Altitude:

ROOM PLAN LOCATED ON PAGE 8-229

ITEM	QUANTITY	ITEM DESCRIPTION	WEIGHT	HEAT OUTPUT
		********** CUSTOMER/CONTRACTOR SUPPLIED AND INSTALLED ITEMS **********		
60		COUNTERTOP WITH DRAWERS FOR MISCELLANEOUS ITEMS.		
61		AIR CONDITIONING. (VIBRATION ISOLATION IS RECOMMENDED AT SUPPORTS OF EACH UNIT TO BE INSTALLED.)		
62		RF SCREEN, INCLUSIVE OF WALLS, FLOOR, DOOR, ETC. GROUND IMPEDANCE GREATER THAN 1000 OHMS. ATTENUATION 100dB AT 100MHz +/- 10MHz PLANEWAVE. (RECOMMENDED 100dB AT 145MHz +/- 10MHz PLANEWAVE.		
63		MINIMUM 9 FT.-0 IN. x 9 FT.-0 IN [2743 mm] x [2743 mm] REMOVABLE WALL SECTION FOR MAGNET DELIVERY/REMOVAL.		
64		MINIMUM DOOR OPENING FOR EQUIPMENT DELIVERY IS 43 IN. W x 82 IN. H [1092mm x 2083mm], CONTINGENT ON A 96 IN. [2438mm] CORRIDOR WIDTH		
65		LOUVERED DOORS - OPENING WILL NEED TO BE 6 FT. TOTAL		
66		BASE CABINET FOR STORAGE OF: SURFACE COILS, PATIENT POSITIONING PADS, PHANTOMS, ETC.		
67		RF FILTERS - LOCATE WITHIN 40 in. [1016 mm] OF THE RF COMMON GROUND STUD		
68		PIPING FOR COOLING SYSTEM		
69		MAGNET ROOM EXHAUST FAN		
90		MANUAL CRYOGEN COMPRESSOR WATER BYPASS PANEL CAT NO. E8911CG		
91		REMOTE GRAPHIC DISPLAY		
92		DIMPLEX 5000 CHILLER (CAT. NO. E8912CA/CB/CC/CD) 4001 lbs. (1851 kg) 167300 BTU/HR (49019 W)		
93		DC LIGHTING CONTROL PANEL 155 lbs (70 kg) 1024 BTU/HR. (300W) (CAT. NO. E4502SC/SE - BASIC SYSTEM)		
94		DC LIGHTING AUTO TRANSFORMER 60 lbs [27 kg] 171 btu/hr (50W) (PART OF VARIABLE DIMMER SYSTEM) (CAT. NO. E4502SD/SF INCLUDES BASIC SYSTEM)		
95		METAL DETECTOR (HAND HELD)		
96		WORKSTATION TABLE CAT. NO. M1000MW		
97		OPERATOR'S CHAIR CAT. NO. E8803BE		

Quotation Number: PR1-C18445 V 2

North Knoxville Medical Center
7565 Dannaher Way
Powell TN 37849-4029

Attn: Sandy Kitts
7565 Dannaher Way
Powell TN 37849

Date: 07-17-2014

This Agreement (as defined below) is by and between the Customer and the GE Healthcare business ("GE Healthcare"), each as identified herein. GE Healthcare agrees to provide and Customer agrees to pay for the Products listed in this GE Healthcare Quotation ("Quotation"). "Agreement" is defined as this Quotation and the terms and conditions set forth in either (i) the Governing Agreement identified below or (ii) if no Governing Agreement is identified, the following documents:

1) This Quotation that identifies the Product offerings purchased or licensed by Customer;

2) The following documents, as applicable, if attached to this Quotation: (i) GE Healthcare Warranty(ies); (ii) GE Healthcare Additional Terms and Conditions; (iii) GE Healthcare Product Terms and Conditions; and (iv) GE Healthcare General Terms and Conditions.

In the event of conflict among the foregoing items, the order of precedence is as listed above.

This Quotation is subject to withdrawal by GE Healthcare at any time before acceptance. Customer accepts by signing and returning this Quotation or by otherwise providing evidence of acceptance satisfactory to GE Healthcare. Upon acceptance, this Quotation and the related terms and conditions listed above (or the Governing Agreement, if any) shall constitute the complete and final agreement of the parties relating to the Products identified in this Quotation. The parties agree that they have not relied on any oral or written terms, conditions, representations or warranties outside those expressly stated or incorporated by reference in this Agreement in making their decisions to enter into this Agreement. No agreement or understanding, oral or written, in any way purporting to modify this Agreement, whether contained in Customer's purchase order or shipping release forms, or elsewhere, shall be binding unless hereafter agreed to in writing by authorized representatives of both parties. Each party objects to any terms inconsistent with this Agreement proposed by either party unless agreed to in writing and signed by authorized representatives of both parties, and neither the subsequent lack of objection to any such terms, nor the delivery of the Products, shall constitute an agreement by either party to any such terms.

By signing below, each party certifies that it has not made any handwritten modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

- Terms of Delivery: FOB Destination
- Quotation Expiration Date: 09-26-2014
- Billing Terms: 80% delivery / 20% Installation
- Payment Terms: NET 30
- Governing Agreement: HPG

Each party has caused this agreement to be signed by an authorized representative on the date set forth below. Please submit purchase orders to GE Healthcare
Please submit Purchase Orders to: General Electric Company, GE Healthcare, 3000 N. Grandview Blvd., Mail Code WT-897, Waukesha, WI 53188

GE HEALTHCARE

J Mcnatt

07-17-2014
Product Sales Specialist

CUSTOMER

Authorized Customer Date

Print Name and Title

PO #

Desired Equipment First Use Date

GE Healthcare will use reasonable efforts to meet Customer's desired equipment first use date. The actual delivery date will be mutually agreed upon by the parties.

INDICATE FORM OF PAYMENT:

If "GE HFS Loan" or "GE HFS Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Financial Services (GE HFS) to fund this arrangement after shipment.

____Cash/Third Party Loan

____GE HFS Lease

____GE HFS Loan

____Third Party Lease (please identify financing company) _____

Quotation Number: PR1-C18445 V 2

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
1	1	S7024AJ	Optima MR450w 1.5T MR System - EX Platform The Optima MR450w 1.5T MR system from GE Healthcare is designed to deliver a comfortable patient-friendly environment while also delivering uncompromised clinical performance and streamlined workflow. The EX platform package delivers the system electronics, operating software, imaging software, post-processing software and RF coil suite for the Optima MR450w system: • Gradient Technology • Acoustic Reduction Technology • OpTix RF Receive Technology • Volume Reconstruction Engine • Computing Platform and DICOMM • Optima MR450w Express Patient Table • Express Workflow and In-Room Operator Console • ScanTools and EX Tools • Cable Concealment Kit Gradient Technology: The Optima MR450w system utilizes the 34/150 gradient driver technology to deliver premium clinical performance. The gradients are non-resonant and actively shielded to minimize eddy currents. The gradients deliver high fidelity reproducibility through a digital control architecture that features a dedicated active feedback loop that regulates current errors, and a feed-forward model that matches amplifier output to gradient coil. The	$1,242,500.00	54.00%	$571,550.00

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			gradient coil and the RF body coil are integrated into a single module that is both water and air cooled. • Peak amplitude per axis: 34 mT/m • Peak slew rate per axis: 150 T/m/s • Maximum FOV: 50cm Acoustic Noise Reduction Technology: The Optima MR450w system features five levels of acoustic reduction technology to deliver an enhanced patient environment. Magnet interaction with the building is addressed through the vibro-acoustic dampening pad. Resonance module interaction with support structures within the magnet is addressed through design that clearly separates the components. Mass-dampened acoustic barriers further reduce noise for the patient, and ScanTools provide a user selectable gradient waveform optimization. • Gradient coil isolation • RF coil isolation • Acoustic dampening material • Vibro-acoustic isolation • Gradient waveform optimization OpTix RF Receive Technology: The Optima MR450w system utilizes the OpTix RF receive chain to enable high bandwidth, high channel count reception with improved SNR over conventional MR receiver designs. The MR signal is digitized within the scan room and then optically transmitted to the reconstruction engine in the			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			electronics room increasing SNR for all volume acquisitions, independent of which surface coil is being used. • Simultaneous channel/receivers: 16 • Receiver sampling per channel: 80 MHz • Receiver dynamic range at 1 Hz BW: >165 dB • Receiver resolution: up to 32 bits • Digital quadrature demodulation Volume Reconstruction Engine: The Optima MR450w system features a powerful volume reconstruction engine with onboard memory and local raw data storage to support and maintain simultaneous data acquisition and reconstruction under the most demanding applications. VRE uses 64-bit computing, delivering high acquisition memory and fast performance. Parallel processing and high speed interconnects provide scalable memory and throughput. The acquisition to disk feature automatically expands the memory per the demands of the application. • 6,500 2D FFTs/second 256x256 full FOV • 16GB DDR3 RAM memory • 292GB disk subsystem capacity Computing Platform and DICOM: The Optima MR450w system computing platform is designed for efficiency and built upon a parallel, multiprocessor design that delivers the simultaneity and speed needed for advanced clinical			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			operation. Productivity, efficiency and streamlined data management are assured through simultaneous scanning, reconstruction, filming, archiving, networking and post-processing. The scan control keyboard features intercom speaker, microphone, volume controls, start scan, pause scan, stop scan and table advance to iso-center controls. Please refer to the Optima MR450w product data sheet for greater detail. • Single tower configuration • 24" flat panel LCD widescreen • 1920 x 1200 resolution • 8GB DDR3 RAM memory • 146GB system disk subsystem • DVD interchange The Optima MR450w system generates MR Image, Secondary Capture, Structured Report, and Gray Scale Softcopy Presentation State DICOM objects. The DICOM networking supports both send and query retrieve as well as send with storage commit to integrate with PACS archive. Additionally, the Optima MR450w system supports the CT and PET image objects for display allowing the user to refer to previous exams. Please refer to the DICOM Compliance Statement for Optima MR450w for further details. Optima MR450w Express Patient Table: GE's fully detachable Express Patient Table incorporates the Liberty 2.0 Docking System to improve safety, exam efficiency, and patient comfort. Express Patient Table Safety: Easily			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			docked and undocked by a single operator, and simple to move in and out of the exam room for patient transport and preparation. These features can be vital in instances where multiple patient transfers can negatively impact patient care or when emergency extraction is required. Express Patient Table Exam efficiency: In addition to being fully detachable, the Express patient table can prepare patients for an exam outside of the scan room, thus reducing the necessary steps before starting the acquisition. Surface coil positioning, IV poles, arm boards, support pads and blankets are easily setup in advance of entering the exam room. With an additional second table, the next patient can be prepared while the current patient is undergoing an examination, thus minimizing exam room time between scans. The Express Patient Table offers head- or feet first imaging for most anatomies. Additionally, feet-first positioning facilitates run-off studies and set-up for claustrophobic patients. • Maximum patient weight for scanning: 500 lbs • Patient table drive: Automated, power driven vertical & longitudinal • Longitudinal speed: 30 cm/sec (fast) and 0.5 cm/sec (slow) • Total cradle length: 211 cm • Scannable range: 205 cm			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			The Optima MR450w system enables complete control of protocols for simple prescription, archiving, searching, and sharing. Protocols are organized into two libraries: GE authored and Site Authored. In addition, ProtoCopy enables a complete exam protocol, from either a library or previous exam, to be shared with a mouse click, and Protocol Notes allows customized notes to be saved with the protocol parameters. The Modality Worklist provides an automated method of linking exam and protocol information for a patient directly from a DICOM Worklist server. The Workflow Manager controls the execution of scan prescription, acquisition, processing, viewing and networking and may automate these steps, when requested by the user, through the selection of Linking and AutoScan. Auto Coil Prescription will automatically select the optimum subset of elements for scanning based on the prescribed FOV once the landmark has been set, and AutoStart will automatically start the first acquisition as soon as the technologist exits the magnet room. In addition, AutoVoice ensures that consistent and repeatable instructions are delivered to the patient, and Auto Calibration will automatically acquire a calibration scan for ASSET and/or PURE when needed. Processing steps are automatically completed with Inline Processing once			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			the data have been reconstructed and the images saved into the database. For certain tasks, the user must accept the results or complete additional steps prior to saving the images. These automatic Inline Processing steps can be saved into the Protocol Library. Inline Viewing allows the user to conveniently view, compare, and analyze images from the Scan Desktop by selecting the desired series from the Workflow Manager. ScanTools and EX Tools for Optima MR450w comprise a comprehensive package of pulse sequences, core applications, imaging options and post-processing capability optimized for 1.5T performance. Please refer to the Optima MR450w product data sheet for detailed descriptions. • Spin Echo and Fast-Spin Echo suites: SE, FSE, FSE XL, Fast Recovery FSE, FSE Inversion Recovery, 3D FSE, Single-Shot FSE, Single-Shot FSE IR. • T1 FLAIR and T2 FLAIR CNS imaging. • Gradient Echo suite: 2D and 3D GRE, 2D and 3D Fast GRE, 2D and 3D Spoiled PGR, 2D and 3D Fast SPGR. • 2D and 3D Dual Gradient Echo body imaging. • SPECIAL spectral-spatial, inversion-based fat suppression for 3D FGRE sequences. • Echo Planar Imaging suite: SE-based EPI, GRE-based EPI,			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			Single-Shot EPI, Multi-Shot EPI, Multi-Phase EPI, FLAIR EPI. • Diffusion-Weighted EPI imaging with b-values up to 10,000 s/mm2. • FIESTA steady-state imaging includes 2D FIESTA cardiac imaging, 2D FatSat FIESTA body imaging, 3D FIESTA Neuro imaging, 3D FatSat FIESTA coronary imaging. • PROPELLER 3.0 motion-insensitive imaging with T1 FLAIR, T2, T2 FLAIR or PD-weighted contrast - enabled in all scan planes. • PROPELLER 3.0 DWI FSE-based diffusion weighted imaging with radial k-space filling. • 3D Cube 2.0 high-resolution FSE-based imaging with T1, T2, T2 FLAIR or PD-weighted contrast. • 3D BRAVO high-resolution SPGR-based T1-weighted brain imaging. • ReadyBrain automated scan prescription for brain exams. • 2D and 3D MERGE multi-echo GRE-based CNS imaging. • 3D COSMIC high-resolution GRE-based cervical spine imaging. • 3D LAVA single breath-hold, high-resolution SPGR-based T1-weighted liver imaging with SPECIAL fat suppression. • Time-of-Flight MRA Suite: 2D TOF,			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			2D Gated TOF, 3D TOF and Enhanced 3D TOF. • Phase Contrast MRA Suite: 2D PC, 3D PC, Cine PC. • SmartPrep automated bolus detection. • Fluoro-Trigger MRA real time bolus monitoring with interactive triggering. • QuickSTEP automated multi-station acquisition. • iDrive Pro real time interactive imaging. • Double/Triple IR black-blood cardiac imaging with/without fat suppression. • FastCINE functional cardiac imaging with full R-wave coverage. • 2D and 3D GradWarp automated distortion correction. • ARC acceleration 3D data-based, auto calibrating parallel imaging technique with acceleration factors up to 3X. • ASSET image-based parallel imaging technique with acceleration factors up to 3X. • Cardiac gating/triggering, compensation, blood suppression, flow compensation. • Respiratory gating/triggering, compensation. • Pencil Beam Body Navigators track diaphragm motion to acquire data when diaphragm is within an acceptable range.			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			• DE Prep, IR Prep, T2 Prep. • ZIP 1024, ZIP 512, 2X Slice ZIP, 4X Slice ZIP. • IVI inline, interactive post-processing for vascular MRA data sets. • Multi-Planar Volume Reformat inline, interactive post-processing for 3D volume data sets. • FuncTool Performance advanced post processing algorithms: ADC maps, eADC maps, Negative Enhancement Integral, Positive Enhance Integral, Mean Time to Enhance, Signal Enhancement Ratio, Maximum Slope Increase, Maximum Difference Function, Correlation Coefficients, Diffusion Tensor, and 2D/3D CSI. • MR Pasting automated integration of multi-station exams into a single image. • Image Fusion overlays multiple images from separate acquisitions on one another for enhanced visualization. • BrainStat GVF automated calculation of parametric maps for Cerebral Blood Flow, Blood Volume, Mean Transit Time and Time to Peak signal intensity using a gamma variant fitting algorithm. • BrainStat AIF calculation of parametric maps for Cerebral Blood Flow, Blood Volume, Mean Transit Time and Time-to-Peak signal intensity using an			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			automated or manually specified arterial input function algorithm. • eDWI enhanced SNR diffusion-weighted imaging for brain and liver - includes Multi-B, Smart NEX, "3 in 1", and tetrahedral techniques. • SWAN 2.0 enhanced SNR T2*-weighted susceptibility imaging - multi-echo, 3D GRE-based technique. • Diffusion Tensor imaging with up to 150 different diffusion directions - enables Fractional Anisotropy maps, ADC maps, and T2-weighted TRACE maps. • FiberTrak post-processing for the generation of Eigen-vector information from DTI data sets. • PROBE PRESS single voxel proton brain spectroscopy using the PRESS sequence. • IDEAL 2D FSE and 3D GRE-based fat and water separation imaging with T1, T2, and PD-weighted contrast - generates water-only, fat-only, in-phase and out-of-phase images from a single scan. • 3D LAVA Flex high resolution SPGR-based fat and water separation liver imaging with T1-weighted contrast - generates water-only, fat-only, in-phase and out-of-phase images from a single breath-hold scan. • StarMap T2* decay curve imaging using a variable echo,			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			3D GRE-based technique - enables gray scale and color maps of the T2* signal decay across echoes. • Inhance 2.0 non-contrast MRA suite: Inflow IR (3D FIESTA-based), 3D Velocity (3D PC-based), 2D Inflow (2D TOF-based) and 3D DeltaFlow (3D FSE-based). • TRICKS dynamic, high resolution 3D volume MRA - eliminates the need for timing or triggering. • Cine IR multi-TI myocardial imaging enables tissue characterization and approximation of the optimal null point for myocardium signal. • 2D PS MDE enables delayed myocardial imaging with IR suppression. PS-MDE is not compatible with ReportCard 4.0. • FGRE TC multi-phase myocardial imaging with reduced artifact sensitivity for viability assessment. • BB SSFSE Single Shot FSE-based whole heart imaging with black blood contrast.			
2	1	S4500WE	Optima MR450w 1.5T Magnet, Gradient, RF Body Coil and Dock Collector for 16-Channel System To improve the patient experience and provide high image quality, no other component of an MRI system has greater impact than the magnet. The Optima MR450w system features a short, wide bore magnet that delivers a large field of view. The magnet	$944,000.00	54.00%	$434,240.00

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			geometry has been optimized to reduce patient anxiety by providing more space in the bore and more exams with the patient's head outside of the magnet. The 50cm field of view provides uniform image quality and can reduce exam times since fewer acquisitions may be necessary to cover large areas of anatomy. Complemented by GE's active shielding technology, the Optima MR450w has very flexible installation specifications to provide easy siting. And with zero-boil-off magnet technology, helium refills are effectively eliminated, thus reducing operating costs and maximizing uptime. Magnet: • Manufactured by GE Healthcare. • Operating field strength 1.5T (63.86 MHz). • Active magnet shielding. • Zero boil-off Cryogens. • Magnet length 145cm. • Patient Aperture 76 cm. • Patient Bore Diameter 70cm. • Patient Bore Length 105cm. • Maximum Field of View 50 cm. • Magnet Homogeneity at 47 cm x 42 cm (R x Z) volume <= 1.25. • Fringe field (axial x radial). • 5 Gauss = 4.0 m x 2.5 m. • 1 Gauss = 6.2 m x 3.7 m. eXtreme Gradient Platform: The powerful gradient performance of the Optima MR450w system enables high			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			resolution and fast acquisitions. The gradient platform includes the eXtreme Gradient Driver (XGD) and the optimized large field of view gradient coil. The eXtreme Gradient Drive (XGD) is housed within a single cabinet to simplify installation. Each axis is driven by a dedicated power supply and amplifier to ensure consistent performance for all image orientations. By incorporating a water-cooled architecture, this system supports continuous peak operation with a 100% duty cycle and excellent stability for both long-term serial studies and advanced applications. • Peak Gradient Amplitude of 34 mT/m per axis. • Peak Gradient Slew Rate of 150 T/m/s per axis. Quiet Technology: GE has implemented Quiet Technology on critical components of the Optima MR system to reduce acoustic noise and improve the patient environment. This technology enables full use of the eXtreme Gradient Platform for excellent image quality, while maintaining a safe environment for the patient. The technology encompasses the gradient coil, RF body coil, and magnet mounting. The Optima MR450w Dock and Switch Collector is critical for the detachable table. The MR450w Liberty Dock provides the interface between the magnet and Express Patient table.			
3	1	S7505EJ	MR450w Preinstallation Collector and	$104,000.00	54.00%	$47,840.00

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			Cable Concealment Kit The Preinstallation Collector delivers to the site in advance of the magnet and main electronic components. This facilitates the later delivery and installation of supporting electronics. The following are the main components in the Preinstallation collector: • Heat exchange cabinet for distribution of chilled water. • Primary Penetration wall panel for support of the penetration cabinet. • Secondary Penetration wall panel for support of gradient filters, helium cables, and chilled air and water. • Helium cryocooler hose kit. The Optima MR450w Cable Concealment Kit accommodates a wide-range of scan room ceiling heights and is designed to provide a clean-look installation by concealing the overhead cabling from view.			
4	1	S4500YH	Optima MR450w Cable Configuration - A To accommodate various electronic and scan room configurations and sizes, the MR450w has preset lengths of cables and connector kits to speed system installation. This cable collection is compatible with fixed and relocatable building configurations.	$40,000.00	54.00%	$18,400.00
5	1	M1060MA	Vibroacoustic Dampening Kit Material in the Vibroacoustic	$14,700.00	54.00%	$6,762.00

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			Dampening Kit can significantly attenuate the transmission of gradient-generated acoustic noise through the building structure to nearby areas, including adjacent rooms and floors above or below the MR suite. If this kit is applied during the installation of a new magnet, no additional service charges are necessary. However, installation of the Vibroacoustic Dampening kit under an existing magnet requires special steps. The steps to prepare the site and steps to install, such as modifications to the RF screen room, and other magnet rigging, modifications to the RF screen room, and other finishing work, are not covered in the pricing.			
6	1	M7000WL	Main Disconnect Panel The Main Disconnect Panel safeguards the MR system's critical electrical components, by providing complete power distribution and emergency-off control.	$12,000.00	54.00%	$5,520.00
7	1	M7000WT	IRD - In Room Display Controls - English English version of the control panel for use with the seven segment digital display on the front of the MR450w magnet. The digital display shows patient landmark and scan location, scan time, and connection of patient respiratory, cardiac, and peripheral triggering devices. The control panel includes backlit buttons for easy visualization in darkened rooms. In addition, the buttons include rim-enhancing LEDs to signal which	$6,500.00	54.00%	$2,990.00

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			button to press for simplified workflow and ease of use. This hardware interface includes the ergonomically designed keyboard, two-way communication and voice command module between the technologist and patient, activation buttons for patient table control, acquisition interface to initiate the scanner, and emergency stop switch.			
8	1	M1000MW	Operator's Console Table Wide table designed specifically for the color LCD monitor and keyboard.	$2,550.00	54.00%	$1,173.00
9	1	M3335CB	1.5T Calibration Phantom Kit This 1.5T calibration kit contains a large volume shim phantom, a daily quality assurance phantom, an echo-planar calibration phantom, and the associated loader shells.	$7,000.00	54.00%	$3,220.00
10	1	M3335CA	Calibration Kit Phantom Holder Cart	$3,000.00	54.00%	$1,380.00
11	1	S7524DF	Essential Coil Package II - 1.5T The Essential Coil Package II includes the following: • 16-channel Head/Neck/Spine Array • 8-channel Body Array • 3-channel Shoulder Array • Quad Extremity Coil The Head/Neck/Spine (HNS) Array delivers convenience without compromise. This 29-element coil serves as a high-resolution brain coil, high-density neuro-vascular array, and a multi-element spine coil in one convenient package. Designed to	$122,500.00	54.00%	$56,350.00

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			accommodate multi-dimensional parallel imaging in any scan plane, this coil yields unprecedented imaging speed and superior image quality, thanks in large part to a unique element arrangement that focuses the signal over the anatomy of interest. The 8-channel Body Array is designed for high definition MR imaging of the chest, abdomen and pelvis. This 12-element, quadrature phased-array coil provides extensive coverage, enabling multi-station anatomical and vascular imaging of the chest-abdomen or abdomen-pelvis without repositioning the coil. The array is optimized for use with ASSET acceleration for enhanced breath-hold imaging procedures. The 3-channel Shoulder Array offers the increased signal-to-noise characteristic of phased-array technology, along with a unique sleeve design that delivers exceptional joint-imaging capabilities. The coil provides clear definition of the shoulder joint, specifically the head of the humerus, clavicle, acromion, supraspinatus muscle and ligaments. Patient comfort pads and restraining straps are included. The transmit/receive design of the Quad Extremity Coil helps ensure optimal results in studies of the knee, ankle and foot. Its unique anterior extension increases the imaging volume for thorough evaluations in dorsi-flexed foot and ankle studies, covering FOVs up to 30 cm for the foot			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			and ankle, and up to 20 cm for the knee.			
12	1	M7000SE	1.5T Flex Suite, Premium - P Connector The 1.5T Flex Suite by Neocoil is a versatile set of high density 16-channel coils designed to give high quality images in a wide range of applications. The high degree of flexibility is particularly advantageous when imaging patients that do not fit the constraints of rigid coils, improving the patient and technologist experience, and enabling most exams to be completed with the same level of image quality expected from dedicated coils. The coils are available in three sizes: Small, Medium, and Large. The full Flex Suite is intended to cover a broad range of muscular skeletal applications, including upper and lower extremities of hand, wrist, elbow, shoulder, knee, ankle, and foot. This extended set includes all three sizes of coils, Small, Medium, and Large, and a knee stabilization fixture that is designed for compatibility with the standard curved table. They cover a broad range of muscular skeletal applications, including hand, wrist, elbow, shoulder, hip (unilateral and bilateral), knee, ankle, and foot. In addition, the coils' versatility has been shown in a range of general purpose applications that include head, neck, and spine exams. This suite of flex coils is compatible with the Discovery MR450 and Optima MR450w systems with the standard	$185,000.00	54.00%	$85,100.00

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			Express Patient Table. This catalog is not compatible with the MR450w + GEM Express Patient Table. Includes: • 1.5T Flex Coils - Small, Medium, and Large Arrays. • 1.5T Flex Interface Module 16-ch Fixed, P-Connector. • Flex Knee Stabilization fixture for curved table. • Flex GP Strap and Interface Module Cover. • Flex Cable Take-up Pad and General Purpose Stabilization Pad.			
13	1	E8912CA	GE Optima MR450w Heat Exchangers - 49kW (20 Tons) Cooling for your GE Healthcare MR system has never been so easy. GE Healthcare has partnered with the Glen Dimplex Group, a world leader in cooling systems, to offer heat exchangers designed to meet the needs of your Discovery MR System. Now you can look to GE Healthcare for your entire MR purchase and support. This heat exchanger is highly reliable and the only unit verified to perform with the new platform of GE Healthcare MR systems. As part of your integrated GE Healthcare solution, you'll work with a single contact throughout the whole installation. A Project Manager of Installation will help with building layout, room designs, delivery and installation - every step until your	$56,250.00	21.00%	$44,437.50

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			system is ready to scan. Our team will work seamlessly with architects, contractors and your internal team to help ensure timely, cost-effective completion. Once your cooling system is running, you'll get fast, highly-skilled service support managed through GE Healthcare - with the same quality and response time you expect from your MR system. FEATURES AND BENEFITS • Designed to provide stable fully dedicated cooling for your MR system's needs • Water/glycol outdoor-air-cooled heat exchangers to support your highest exam volumes and your full range of diagnostic procedures • Redundant fluid pumps with automatic switchover let you keep operating with no loss of cooling even if one pump goes down • Quad compressor, dual tandem refrigeration circuit design saves on energy while your system smoothly transitions through the 10% to 100% heat load capacity cycles of patient scanning and idling • Quiet operation between patient exams and overnight - ideal for facilities in residential areas • Comes with installation support, installation visits, preventative maintenance visit and 1 full year			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			of parts and labor warranty • Installation support includes: support through GE's Project Manager of Install, GE's Design Center, technical support from the Glen Dimplex company, two (2) installation visits • Comprehensive and quality service rapidly delivered through our CARES service solution • 65 gallons of 100% glycol concentrate for complete system filling and diluting • Wall mounted remote display panel provides the ability to monitor the system's operation and indicates possible system errors • Filter kit with flow meter helps to ensure purity of water prior to entry to the MR system • Highly recommended that Vibration Isolation Spring Kit (E8911CJ) be added for systems that will be roof top mounted SPECIFICATIONS • Net Cooling Capacity: 49 kW / 20 Ton • Maximum Coolant Flow: 35 gpm (132 l/m) • Coolant Outlet Temperature: 48 F (8.9 C) • Coolant Temp Stability: E 1.8 F (E1.0 C) • Max Coolant Pressure : 70 Psi (4.8 Bar) • Refrigerant: R407C			

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			• Ambient Temp Range: -20 to 120 F (-30 to 50 C) • Condenser Air Flow (Approx): 18,000 Cfm • Tank Capacity: 100 gal (378 l) • Flow Meter Range: 4-40 gpm • Filters: 50 micron cartridge filters • Supply Voltage: 460v / 3 phase / 60 Hz • Coolant Connections: 2" NPTF • Overall Size (L x W x H) 44" x 136" x 84.5" COMPATIBILITY: • GE Optima MR450w 1.5T MR System NOTES: • Item is NON-RETURNABLE and NON-REFUNDABLE			
14	1	E8803BE	Physician's Chair with Padded Arms Physician's chair has padded arms for comfort and comes in a charcoal gray color that blends with any environment. Chair adjusts from 16.75 in. to 21 in. (42.5 cm x 53.3cm) and is only for use in the MR Control Room. Weighs 45 lbs.	$899.00	21.00%	$710.21
15	1	W0106MR	TiP Discovery and Optima Family Training 10 Days Onsite Plus 10 Hrs TVA The TiP Training Choices program is designed for CURRENT GE customers WITHOUT HDx experience who purchase a Discovery or Optima system. Training is delivered onsite at the customer's facility and instructs	$23,000.00	0.00%	$23,000.00

Item No.	Qty	Catalog No.	Description	Contract Price	Discount	Ext Sell Price
			students in start-up operation of the system and introduces participants to the system design, workflow, new options and clinical applications included. Extended TVA support ensures learners maintain performance over the long term. This training program must be scheduled and completed within 36 months after the date of product delivery.			

Quote Summary:

Total Quote Net Selling Price **$1,302,672.71**

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price Includes Trade In allowance, if applicable.)

Quotation Number: PR1-C18445 V 2

Options

(These items are not included in the total quotation amount)

Item No.	Qty	Catalog No.	Description	List Price	Discount	Ext Sell Price	Initial To Accept
16	1	E8804SB	Medrad Spectris Solaris EP MR Injection System Medrad Spectris Solaris EP MR injector for use use in all MR scanner field strengths up to and including 3.0T. Optimized touch-screen for fewer keystrokes, KVO (keep vein open) allows patient to be prepared before beginning the scan. Larger 115 ml saline syringe for longer KVO or multiple flushes. Includes cables and starter kit...E NOTE: GE is responsible for unpacking, assembly, and installation of equipment. Medrad will be available for technical assistance by phone at (412)767-2400. An additional charge will apply for on-site installation assistance. Medrad will be responsible for operational checkout, final calibration, in-service of the equipment, and initial applications training. Please contact the local Medrad office two weeks in advance of installation.	$49,375.00	21.00%	$39,006.25	X_____
17	1	E8823M	Magnacoustics Genesis ULTRA Communication & Music System	$14,250.00	21.00%	$11,257.50	X_____

Item No.	Qty	Catalog No.	Description	List Price	Discount	Ext Sell Price	Initial To Accept
			The Magnacoustics Genesis ULTRA is the only MRI Communication & Music System to interface directly with GE's MRI hardware and software. This allows software driven Auto Voice Commands from GE's computer to be delivered directly into the patient's ears for breath-hold sequences. This same interface allows the Technologist to talk directly to the patient through the console Mic even while the scan is in progress. The Genesis ULTRA also features an exclusive Patient Ready Signal. By simply depressing a small button on the handheld control an audible and visual signal is transmitted to the Technologist indicating the patient's readiness for the scan to begin. This simple step streamlines the breath-hold exam which amounts to approximately 30% of all exams. Patient Handheld Volume and Media Selection Controls with Voice Feedback interface with an FM/AM stereo, CD player, and iPod interface. This distracts even the most apprehensive of your patients by allowing them to be in control of their own environment. Additionally, the Auto Gain				

Item No.	Qty	Catalog No.	Description	List Price	Discount	Ext Sell Price	Initial To Accept
			feature automatically raises and lowers the volume level for the patient based on the Sound Pressure Level of the MRI. Magnacoustics also provides the only patented 8-driver transducer that provides the highest sound directly to the patients ears with the MagnaLink Headset System. This patented system includes a stethoscope-style headset with the MagnaPlug (replaceable earplug) that provides 29dB of attenuation and complies with GE Healthcare MR Safety Guide Operator Manual. The Genesis ULTRA's See-In-the-Dark GUI Electroluminescent Backlit Technologist Control Unit enhances operation in the normally low-lit MRI environment allowing the Technologist to operate the entire system with the touch of a button. The Genesis ULTRA includes an integral interface for fMRI with built-in input for audio stimulation and output for responses...E				

(Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price Includes Trade In allowance, if applicable.)

Community Health System (CHS)

CHS14 - Physicians Regional Medical Replacement (Rev 1, 6/25/14)

Item Summary

* = Options/Accessories = Contract

ID# CAD ID	Alt ID Item ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext. Cost
4083-000		2	MRI Unit, 1.5T	GE Healthcare - Imaging Systems		N	O/V	2	$1,600,000.00 E	$3,200,000.00
C-109510		24	Allowance, Video System, Surgical	Olympus America Inc - Scientific	TBD	N	O/V	2	$120,000.00 E	$2,880,000.00
3519-000		7	Camera, Gamma, Dual Head	GE Healthcare - Imaging Systems		N	O/V	2	$400,000.00 E	$2,800,000.00
3645-012 CIS0133		11	Computer Workstation, Cardiac Cath-Lab, Hemodynamic	GE Healthcare - Cardiology	MacLab IT	N	O/V	2	$210,000.00 E	$2,310,000.00
C-109462		9	Telemetry, Wireless, 13-16 Patient Channels	MindRay - Datascope	TBD	N	O/V	2	$200,000.00 E	$1,800,000.00
5740-010 ULT0151		8	Ultrasound, Imaging, Vascular Access	Volcano Corp.	s5 IVUS Imaging System (Tower)	N	O/O	2	$169,050.00 E	$1,352,400.00
3417-127 BED0311		227	Bed, Electric	Hill-Rom - Bed & Stretcher Group	CareAssist ES300	N	O/O	2	$5,800.00 E	$1,316,600.00
3370-031 ANE0020		22	Anesthesia Machine, General	GE Healthcare - Anesthesia Delivery	Aestiva/5 7900 3 Vaporizer	N	O/V	2	$50,000.00 E	$1,100,000.00
C-106707		22	Allowance, Surgical Instruments	Specialty Surgical Instrumentation	Budget	N	O/O	2	$50,000.00 E	$1,100,000.00
C-227098	C-219973	2	X-Ray Unit, Mammography, Digital	Hologic Inc. - Women's Health	Selenia w/Workstation CAD	N	O/V	2	$500,000.00 E	$1,000,000.00
4177-028 INF0022		581	Pump, Infusion, Single	CareFusion - Alaris	Alaris Pump Module (8100)	N	O/O	2	$1,421.00 E	$825,601.00
7774-006 LAS0160		2	Laser, Surgical, TMR	MAQUET Cardiovascular	NOVADAQ CO2 Heart Laser System	N	O/O	2	$409,000.00 E	$818,000.00
6927-000		4	Software, Allowance	GE Healthcare - Imaging Systems		N	O/O	6	$200,000.00 E	$800,000.00
6286-029 MON0686		118	Monitor, Physiologic, Bedside, Critical Care	Mindray North America	DPM6	N	O/V	2	$6,600.00 E	$778,800.00
4808-000		3	Ultrasound, Imaging, Cardiac / Echo	GE Healthcare - Imaging Systems		N	O/O	2	$250,000.00 E	$750,000.00
4436-058 STR0449		139	Stretcher, Procedure / Recovery	Stryker Medical	Prime with Fifth Wheel 1105 (30' Litter)	N	O/V	3	$5,000.00 E	$695,000.00
5946-011 TBS0068		10	Table, Surgical, Orthopedic	Mizuho OSI	hana Orthopedic Fracture/Trauma (6875)	N	O/O	2	$68,750.00 E	$687,500.00
5944-043 TBS0031		23	Table, Surgical, Major	STERIS Corporation	Amsco 3085 SP Electric	N	O/O	2	$29,000.00 E	$667,000.00

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C-055458	**BDL435**	32	MONITOR, PHYSIOLOGIC (ICU)	Mindray North America	SPECTRUM	N	O/V	3	$18,133.00 E	$580,256.00
4824-008 ESU0008		24	Electrosurgical Unit, Bipolar	Covidien - Valleylab Div	Force FX w/Footswitches & Cart	N	O/O	2	$24,000.00 E	$576,000.00
C-104857		22	Allowance, surgical scope	Stryker Endoscopy	TBD	N	O/O	3	$25,000.00 E	$550,000.00
4661-005 WRM0037		31	Warmer, Infant, Care System	GE Healthcare - Maternal/Infant Care	Panda iRES 3500 (Elevating Base)	N	O/O	2	$17,500.00 E	$542,500.00
4808-042 ULT0246		2	Ultrasound, Imaging, Cardiac / Echo	GE Healthcare - Imaging Systems	Vivid E9 (w/4D Expert Option)	N	O/O	2	$250,000.00 E	$500,000.00
6643-003 MNR0054		157	Pump, Infusion, Controller, Modular	CareFusion - Alaris	Alaris PC Unit (8015)	N	O/O	3	$3,178.00 E	$498,946.00
3678-043 DFB0134		28	Defibrillator, Monitor, w/Pacing	Physio-Control Inc.	LIFEPAK 15 (Basic)	N	O/O	2	$17,595.00 E	$492,660.00
5623-014 WDS0016		22	Waste Disposal, Surgical Fluid Collection	Dornoch Medical Systems - A Zimmer Company	Ultra Quad Fluid Cart (52L)	N	O/O	2	$20,000.00 E	$440,000.00
4389-013 STE0421		2	Sterilizer, Hydrogen Peroxide	STERIS Corporation	Amsco V-PRO maX (Cabinet)	N	O/O	2	$216,000.00 E	$432,000.00
C-055643		32	BED, ELECTRIC, CRITICAL CARE W/SCALE	Stryker Medical	Epic II-C	N	O/V	2	$13,500.00 E	$432,000.00
C-055683	**BDL293**	3	X-Ray Unit, C-Arm, Mobile	GE Healthcare - Imaging Systems	OEC 9900	N	O/V	2	$143,756.00 E	$431,268.00
C-055632	**BDL320**	21	MONITOR, ANESTHETIC GAS & PHYSIOLOGIC	Mindray North America	SPECTRUM W/	N	O/V	2	$19,999.00 E	$419,979.00
4183-007 PMP0042		7	Pump, Balloon, Intra-Aortic	MAQUET Cardiovascular	Datascope CS100 w/ IntelliSync (full function)	N	O/V	2	$55,570.00 E	$388,990.00
4172-014 PMP0077		2	Pump, Heart / Lung, Bypass	Sorin Group USA	Stockert S5 (5-pump)	N	O/O	2	$190,000.00 E	$380,000.00
3420-017 BED0099		22	Bed, Electric, Birthing	Hill-Rom - Bed & Stretcher Group	Affinity 4 [AF650]	N	O/V	2	$17,100.00 E	$376,200.00
5254-017 MOB0032		22	Monitor, O.B., Intrapartum, Maternal/Fetal	GE Healthcare - Monitoring Systems	Corometrics 259cx	N	O/O	2	$17,000.00 E	$374,000.00
7677-005 MTR0075		44	Monitor, Video, 21 - 24 Inch, Medical Grade	STERIS Corporation	RLM21HD 21.3" HD Surgical Grade	N	O/V	2	$8,000.00 E	$352,000.00
4569-000		2	Ultrasound, Imaging, Multipurpose	GE Healthcare - Imaging Systems		N	O/O	2	$175,000.00 E	$350,000.00

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3908-010 INJ0007		11	Injector, Contrast Media, Mobile	Medrad Inc	Mark V ProVis Pedestal (150 ml)	N	O/V	2	$31,000.00 E	$341,000.00
4815-003 CIS0036		1	Computer Workstation, Data Mgt, Obstetric	GE Healthcare - Monitoring Systems	Centricity Perinatal	N	O/V	2	$300,000.00 E	$300,000.00
4177-037 INF0030		192	Pump, Infusion, Single	CareFusion - Alaris	Alaris SE Single	N	O/O	2	$1,421.00 E	$272,832.00
4248-000		701	Regulator, Suction, Intermittent/Continuous	Amvex Corporation	_____	N	O/O	3	$386.73 E	$271,097.73
6287-009 CIS0138		2	Computer Workstation, Cardiac Cath-Lab, Electrophysiology (EP)	GE Healthcare - Cardiology	CardioLab IT	N	O/V	2	$130,000.00 E	$260,000.00
6564-010 BED0177		8	Bed, Electric, Bariatric	Hill-Rom - Bed & Stretcher Group	Excel Care ES EC155	N	O/O	2	$30,588.00 L	$244,704.00
7698-001 MRI0089		2	MRI Unit, Coil, Allowance	Invivo Corp.	Coil	N	O/O	2	$120,000.00 E	$240,000.00
C-106695		23	Allowance, Accessories, Surgical Table	TBD	TBD	N	O/O	2	$10,000.00 E	$230,000.00
C-176348		10	Allowance, GI Endoscope	Olympus America Inc - Endoscope Div.	TBD	N	O/O	2	$20,000.00 E	$200,000.00
C-231690		8	Allowance, Physicist Survey, Cath Lab	TBD	TBD	N	O/V	2	$25,000.00 E	$200,000.00
6228-089 MTS0087		32	Mattress, Pressure Reduction	Stryker Medical	PositionPRO w/ Dartex Cover	N	O/O	3	$6,200.00 E	$198,400.00
4181-008 INF0060		54	Pump, Infusion, PCA	CareFusion - Alaris	Alaris PCA Pump Module (8120)	N	O/O	2	$3,495.00 E	$188,730.00
C-189531		234	Mattress, Pressure Reduction	Hill-Rom - Room & Furniture	Accumax	N	O/V	2	$740.00 E	$173,160.00
4177-037 INF0030		41	Pump, Infusion, Single	CareFusion - Alaris	Alaris SE Single	N	O/O	2	$4,150.00 E	$170,150.00
5316-055 CWA0159		22	Cabinet, Warming, Dual, Freestanding	STERIS Corporation	AMSCO 18" Solid Doors	N	O/C	2	$7,073.40 E	$155,614.80
4590-006 VNT0048		5	Ventilator, Adult / Pediatric / Neonatal	Covidien RMS (Respiratory & Monitoring)	Puritan Bennett 840 Ventilator	N	O/O	2	$31,000.00 E	$155,000.00
5509-000		1	Microscope, Operating, General	Carl Zeiss Surgical Products Division	_____	N	O/O	2	$150,000.00 E	$150,000.00
C-057900		1	Installation New OF/OI	TBD	TBD	N	O/V	3	$150,000.00 E	$150,000.00

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ID# CAD ID	Alt ID Item ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext. Cost
C-112700		1	Relocation, Existing OF/OI	TBD	TBD	N	O/V	3	$150,000.00 E	$150,000.00
C-231657		4	Allowance, Physicist Survey, CT	TBD	TBD	N	O/V	2	$35,000.00 E	$140,000.00
4183-011 PMP0046		2	Pump, Balloon, Intra-Aortic	MAQUET Cardiovascular	CS300 with IntelliSense	N	O/O	2	$66,040.00 E	$132,080.00
5024-003 INC0013		10	Incubator, Infant, Low Acuity	GE Healthcare - Maternal/Infant Care	Care Plus 4000 (Elevating Base)	N	O/O	2	$13,000.00 E	$130,000.00
C-227107	C-217358	1	Computer, Workstation	Olympus America Inc - Endoscope Div.	Endoworks	N	O/O	6	$125,000.00 E	$125,000.00
C-127137		22	Installation, Video Integration	STERIS Corporation	Video Integration	N	O/V	2	$5,000.00 E	$110,000.00
C-039473		1	Ultrasound, Diagnostic, OB/GYN, Mobile	GE Healthcare - Imaging Systems	TBD	N	O/V	2	$108,785.00 E	$108,785.00
6286-030 MON0688		9	Monitor, Physiologic, Bedside, Critical Care	Mindray North America	DPM7	N	O/V	2	$12,000.00 E	$108,000.00
5859-000		27	Cart, Procedure, Resuscitation	InterMetro Industries Corporation	_____	N	O/O	3	$3,883.00 E	$104,841.00
4065-028 MON0024		31	Monitor, Physiologic, Blood Pressure, Non-Invasive	Mindray North America	Accutorr Plus (w/Stand, Temp)	N	O/O	2	$3,325.00 E	$103,075.00
3370-031 ANE0020		2	Anesthesia Machine, General	GE Healthcare - Anesthesia Delivery	Aestiva/5 7900 3 Vaporizer	N	O/O	2	$50,000.00 E	$100,000.00
C-129582		1	Relocation, Cath Lab	Philips Healthcare - Imaging Systems	Cath Lab	N	O/O	2	$100,000.00 E	$100,000.00
C-231661		2	Allowance, Physicist Survey, MRI	TBD	TBD	N	O/V	2	$50,000.00 E	$100,000.00
C-248299		1	Allowance, Installation, Misc	TBD - To Be Determined	TBD	N	O/O	2	$100,000.00 E	$100,000.00
4806-004 DFB0045		12	Defibrillator, Monitor, Automatic	Physio-Control Inc.	LIFEPAK 20	N	O/O	2	$8,285.00 E	$99,420.00
4541-006 TUS0006		7	Thyroid Uptake System, General	Biodex Medical Systems, Inc.	Atomlab 950 Mobile	N	O/O	2	$14,135.00 E	$98,945.00
6590-024 LFT0132		10	Lift, Patient, Bariatric	ArjoHuntleigh	Tenor	N	O/O	2	$9,700.00 E	$97,000.00
4077-018 MON0302		2	Monitor, Physiologic, MRI	Invivo Corp.	Precess	N	O/O	2	$47,000.00 E	$94,000.00
5380-005 INJ0042		2	Injector, Contrast Media, MRI Compatible	Medrad Inc	Spectris Solaris EP	N	O/V	2	$45,950.00 E	$91,900.00

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7733-001 CRD0065	**5537-018**	1	Computed Radiography, Plate Reader, Single	Carestream Health, Inc	DirectView Elite CR (Basic Bundle)	N	O/V	2	$90,000.00 E	$90,000.00
C-055580	**BDL210**	2	MONITOR, CENTRAL STATION, 8 BED	Mindray North America	Panorama - See Vendor Drawings	N	O/V	2	$44,418.00 E	$88,836.00
3389-004 ATU0004		2	Autotransfusion Unit, General	Haemonetics Corporation	Cell Saver 5+	N	O/O	2	$43,680.00 E	$87,360.00
3455-100 CBP0587		194	Cabinet, Patient Room, Bedside	Hill-Rom - Room & Furniture	Vista BSC-200 (White/Neutral)	N	O/O	3	$450.00 E	$87,300.00
5376-000		1	Densitometer, Bone, Whole Body	GE Healthcare - Imaging Systems	_____	N	O/V	2	$80,000.00 E	$80,000.00
5934-072 TOB0598		237	Table, Overbed, General	Hill-Rom - Room & Furniture	Art of Care OBT635	N	O/O	3	$325.00 E	$77,025.00
4181-008 INF0060		28	Pump, Infusion, PCA	CareFusion - Alaris	Alaris PCA Pump Module (8120)	N	O/O	2	$2,728.00 E	$76,384.00
4438-008 STR0544	**C217380 4436-070**	9	Stretcher, Trauma / Surgery	Stryker Medical	Prime X with Fifth Wheel 1105X (30" Litter)	N	O/V	3	$8,200.00 E	$73,800.00
3313-012 ABL0019		2	Ablation System, Radio-Frequency	Medtronic - Structural Heart	CardioBlate 68000	N	O/O	2	$35,000.00 E	$70,000.00
5372-017 PFT0017		1	Pulmonary Function Testing System, General	CareFusion - Respiratory Care	VMax Encore PFT 22	N	O/O	2	$66,000.00 E	$66,000.00
C-112620		22	Installation, Light, Surgical, Dual, Dual FP Monitor	STERIS Corporation	Install Harmony LA/LED Dual Light, Dual FP Monitor	N	O/V	2	$2,980.00 E	$65,560.00
6224-000		1	Electroencephalograph (EEG), Sleep	Nihon Kohden America Inc.	_____	N	O/V	2	$65,000.00 E	$65,000.00
3372-000		47	Apron, Lead	Merry X-Ray Corp - SourceOne	_____	N	O/O	3	$1,350.00 E	$63,450.00
C-055681	**BDL038**	5	Generator, Steam 100KW	STERIS Corporation	Century	N	O/V	2	$12,683.00 E	$63,415.00
4067-007 MON0047		22	Monitor, Physiologic, CO2, End Tidal	CareFusion - Alaris	Alaris EtCO2 Module (8300)	N	O/O	2	$2,807.00 E	$61,754.00
C-093480		307	ALLOWANCE FOR HEADWALL ACCESSORIES	TBD - To Be Determined	TO BE DETERMINED	N	O/O	3	$200.00 E	$61,400.00
4592-017 VNT0071		2	Ventilator, Infant / Neonatal	MAQUET Critical Care	Servo-i Infant	N	O/O	2	$30,175.00 E	$60,350.00
7027-003 LAS0106		1	Laser, Surgical, Holmium: YAG	Gyrus ACMI, an Olympus Company	DUR-HL 20	N	O/V	2	$60,000.00 E	$60,000.00

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C-106707		2	Allowance, Surgical Instruments	Specialty Surgical Instrumentation	Budget	N	O/O	2	$30,000.00 E	$60,000.00
3372-000		22	Apron, Lead	Merry X-Ray Corp - SourceOne		N	O/O	3	$2,500.00 E	$55,000.00
7689-002 ULT0228		1	Ultrasound, Imaging, OB/GYN, Portable	FUJIFILM SonoSite, Inc	M-OB/GYN Office (w/C60x and ICTx)	N	O/O	2	$50,000.00 E	$50,000.00
5362-012 VNT0131		4	Ventilator, BiPAP	Philips - Respironics	Respironics V60 (w/ Cart, Circuit Support Arm)	N	O/O	2	$12,495.00 L	$49,980.00
5316-055 CWA0159		11	Cabinet, Warming, Dual, Freestanding	STERIS Corporation	AMSCO 18" Solid Doors	N	O/C	2	$4,500.00 E	$49,500.00
4824-059 ESU0040		2	Electrosurgical Unit, Bipolar	Covidien - Valleylab Div	ForceTriad Energy Platform (w/Cart)	N	O/O	2	$24,000.00 E	$48,000.00
5283-011 LDC0007		5	Loading Car, Sterilizer	STERIS Corporation	Atlas 48 (for Century hinged door)	N	O/V	3	$9,500.00 E	$47,500.00
C-015023	**BDL195**	1	MONITOR, CENTRAL STATION, 8 BED	Mindray North America	Panorama	N	O/V	3	$47,500.00 E	$47,500.00
C-123305		74	Arm, Monitor mounts to Headwall	Amico Corporation	SSM	N	O/O	2	$600.00 E	$44,400.00
3342-013 ANA0065		1	Analyzer, Lab, Blood Gas / pH / Electrolyte	Siemens Healthcare Diagnostics	Rapidpoint 405	N	O/V	2	$44,000.00 E	$44,000.00
C-111470		22	Installation, Booms	STERIS Corporation	Install Harmony EMS	N	O/V	2	$1,860.00 E	$40,920.00
4075-161 MON0585		3	Monitor, Physiologic, Portable	Mindray North America	Passport V (Nellcor SpO2, Recorder)	N	O/O	2	$13,550.00 E	$40,650.00
5934-014 TOB0013		131	Table, Overbed, General	Stryker Medical	Tru-Fit Single Top	N	O/O	3	$310.00 E	$40,610.00
6050-014 REF0994		44	Refrigerator, Commercial, Undercounter	Marvel Scientific	6CADM (ADA)	N	O/C	2	$915.00 E	$40,260.00
C-231656		2	Allowance, Physicist Survey, R/F	TBD	TBD	N	O/V	2	$20,000.00 E	$40,000.00
5862-018 PRC0181		32	Cart, Procedure, Critical Care	Hill-Rom - Architectural Products	Critical Care Cart	N	O/O	3	$1,240.00 E	$39,680.00
3678-043 DFB0134		2	Defibrillator, Monitor, w/Pacing	Physio-Control Inc.	LIFEPAK 15 (Basic)	N	O/O	2	$19,500.00 E	$39,000.00
7233-005 LAR0015		2	Laryngoscope Set, Video	Verathon	GlideScope Cobalt AVL w/ Mobile Stand	N	O/O	2	$19,500.00 E	$39,000.00

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3789-027 SMK0025		24	Smoke Evacuation, Surgical	Covidien - Valleylab Div	RapidVac	N	O/O	2	$1,595.00 E	$38,280.00
5834-001 CSC0044		22	Cart, Case, LDRP	Hill-Rom - Room & Furniture	Contemporary Perinatal Case Cart (Classic Drwr/Dr)	N	O/O	3	$1,724.00 E	$37,928.00
C-055587	**BDL054**	96	Stand, I.V., S/S, 4 Hook, 5 Leg	Kerma Medical	4956P15764	N	O/O	3	$379.80 E	$36,460.80
3768-030 ECG0026		3	Electrocardiograph (ECG), Interpretive	GE Healthcare - Cardiology	MAC 5500 w/Cart	N	O/V	2	$12,000.00 E	$36,000.00
4107-026 OXM0020		8	Oximeter, Pulse	Covidien - Nellcor Division	OxiMax N-600x w/Max Pak Sensor	N	O/O	2	$4,500.00 E	$36,000.00
6739-009 HOD0118		2	Hood, Isolation Chamber, Mobile	Germfree Laboratories, Inc	LFGI-4USP Vented	N	O/V	2	$18,000.00 E	$36,000.00
5859-116 PRC0764		9	Cart, Procedure, Resuscitation	InterMetro Industries Corporation	Lifeline LECCRP6	N	O/V	3	$3,883.00 E	$34,947.00
4794-049 MON0687		2	Monitor, Physiologic, Anesthesia	Mindray North America	DPM6 w/Gas Module	N	O/O	2	$16,100.00 L	$32,200.00
5917-051 TIN0292		8	Table, Instrument, Assembly	STERIS Corporation	ErgoStat CG57 Prep and Pack (Ultra Deluxe)	N	O/O	3	$4,000.00 E	$32,000.00
C-102294		1	Allowance, Warehouse	National Distribution Service, Inc.	TBD	N	O/O	2	$30,000.00 E	$30,000.00
C-112914		1	Allowance, Surgical, Integration System	STERIS Corporation	TBD	N	O/V	2	$30,000.00 E	$30,000.00
6015-051 SPC0675		42	Cart, Supply, Chrome, 48 inch	InterMetro Industries Corporation	Super Erecta 5A556BC (48x24x69)	N	O/O	3	$712.00 E	$29,904.00
4065-062 MON0709		9	Monitor, Physiologic, Blood Pressure, Non-Invasive	Mindray North America	Accutorr V (NIBP Only)	N	O/O	2	$3,300.00 E	$29,700.00
4434-001 STR0073		5	Stretcher, Procedure, OB/GYN	Stryker Medical	Gynnie	N	O/V	3	$5,800.00 E	$29,000.00
4837-008 ESU0047		2	Electrosurgical Unit, Argon Beam	ERBE Incorporated	VIO System 300D/APC2 w/VIO Cart	N	O/O	2	$14,350.00 E	$28,700.00
6260-012 MAY0011		62	Stand, Mayo, Foot-Operated	Pedigo Products	P-1066-SS	N	O/O	3	$454.56 E	$28,182.72
4059-010 MOB0033		2	Monitor, O.B., Antepartum, Maternal/Fetal	GE Healthcare - Monitoring Systems	Corometrics 256cx	N	O/O	2	$14,000.00 E	$28,000.00
5860-001 PRC0172		23	Cart, Procedure, Resuscitation, Pediatric	Armstrong Medical Industries, Inc.	Basic A-Smart Premier Broselow (PBL-PC-9)	N	O/V	3	$1,200.00 E	$27,600.00

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3836-008 HAM0008		337	Hamper, Linen	Medline Industries Inc.	Chrome Hamper stand	N	O/O	3	$76.24 E	$25,692.88
4921-006 MON0340		2	Monitor, Physiologic, Cardiac Output	Edwards Lifesciences Corporation	Vigilance II	N	O/O	2	$12,500.00 E	$25,000.00
5238-000		1	Electroencephalograph (EEG), Reading Station, Digital	Nihon Kohden America Inc.	_____	N	O/V	2	$25,000.00 E	$25,000.00
C-108276		1	Installation, shelving, carts, louvers, etc	Storage Systems Unlimited, Inc.	INSTALL	N	O/V	2	$25,000.00 E	$25,000.00
4182-008 INF0077		10	Pump, Infusion, Syringe	CareFusion - Alaris	Alaris Syringe Module (8110)	N	O/O	2	$2,489.00 E	$24,890.00
5361-011 ANA0396		3	Analyzer, Lab, Blood Gas, Point-of-Care	Abbott Point of Care Inc	I-STAT 1	N	O/O	3	$8,000.00 E	$24,000.00
4886-007 LPH0017		6	Light, Phototherapy, Infant, Mobile	GE Healthcare - Maternal/Infant Care	Giraffe Spot PT Lite	N	O/O	2	$3,979.00 E	$23,874.00
4037-014 MTM0014		1	Microtome, Cryostat	Thermo Fisher Scientific - Anatomical Pathology	Microm HM 525	N	O/O	2	$22,692.65 E	$22,692.65
C-174723		22	Installation, Scrub Sink Dual or Triple	STERIS Corporation	Flexmatic Install	N	O/V	2	$1,030.00 E	$22,660.00
C-043267		22	Cart, Anesthesia	Storage Systems Unlimited, Inc.	TBD	N	O/V	3	$980.65 E	$21,574.30
5916-006 TIN0092		31	Table, Instrument, 72 inch	Pedigo Products	SG-97-SS (72x24)	N	O/O	3	$695.84 E	$21,571.04
C-112622		5	Installation, Sterilizer, Terminal	STERIS Corporation	Install 26x37.5x36/48/60 Century Prevac Steam Sterilizer	N	O/V	2	$4,091.00 E	$20,455.00
4770-003 BIL0002		6	Bilirubinometer, Handheld	Philips Children's Medical Ventures	BiliChek System	N	O/O	2	$3,334.50 E	$20,007.00
C-106702		1	Allowance, Kitchen Smallwares 86-135 Beds	TBD	TBD	N	O/O	2	$20,000.00 E	$20,000.00
C-112630		1	Allowance, Installation, Monitors, Telemetry	Mindray North America	TBD	N	O/V	2	$20,000.00 E	$20,000.00
C-231691		1	Allowance, Physicist Survey, Cysto	TBD	TBD	N	O/V	2	$20,000.00 E	$20,000.00
5922-005 TBL0011		3	Table, Exam/Treatment, Echocardiograph	Biodex Medical Systems, Inc.	Echo Pro 058-700 (115 V)	N	O/O	2	$6,595.00 E	$19,785.00
4687-020 WST0018		414	Waste Can, Bio-Hazardous	Rubbermaid Commercial Products	6143 Red (8 gal)	N	O/O	3	$47.26 E	$19,565.64

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4552-007 TQT0006		2	Tourniquet System, General	Zimmer, Inc.	A.T.S. 3000 (w/ Accessories & Stand)	N	O/O	2	$9,188.00 E	$18,376.00
4824-008 ESU0008		1	Electrosurgical Unit, Bipolar	Covidien - Valleylab Div	Force FX w/Footswitches & Cart	N	O/O	2	$18,147.00 E	$18,147.00
C-055687	**BDL317**	10	CUTTER, CAST W/VACUUM, MOBILE	Stryker Medical	940 SERIES W/VACUUM & STAND 986	N	O/O	3	$1,810.00 E	$18,100.00
C-055661	**BDL381**	1	SCREENER, HEARING, INFANT	Natus Medical Inc.	CLARITY SCRE	N	O/O	2	$18,075.00 E	$18,075.00
3803-000		602	Flowmeter, Oxygen	Amvex Corporation	_____	N	O/O	3	$30.00 E	$18,060.00
4806-013 DFB0113		2	Defibrillator, Monitor, Automatic	Physio-Control Inc.	LIFEPAK 20e	N	O/O	2	$8,895.00 L	$17,790.00
C-245397		41	Cabinet, Patient Room, Bedside	Hill-Rom - Room & Furniture	Brio P52931	N	O/V	3	$426.00 Q	$17,466.00
4910-004 PHS0004		4	Phototherapy System, Blanket	GE Healthcare - Maternal/Infant Care	BiliSoft LED (w/10x12 pad)	N	O/O	2	$4,350.00 E	$17,400.00
3892-008 INC0001		1	Incubator, Infant, Transport	GE Healthcare - Maternal/Infant Care	Airborne 750i	N	O/O	2	$17,238.00 E	$17,238.00
C-227115	**C-215317**	1	Monitor, Physiologic, Anesthesia	Mindray North America	DPM7 w/Gas Module	N	O/O	2	$17,000.00 E	$17,000.00
5802-001 EQC0034	**5808-003**	25	Cart, Equipment, Fetal Monitor	GE Healthcare - Monitoring Systems	Corometrics 3116AAO	N	O/O	3	$678.00 E	$16,950.00
4081-015 MTR0327		2	Monitor, Video, 26 - 32 inch, Medical Grade	Olympus America Inc - Endoscope Div.	OEV-261H (26 inch)	N	O/V	2	$8,300.00 E	$16,600.00
3339-000		1	Analyzer, Lab, Blood Gas	Unspecified	_____	N	O/O	2	$16,598.00 E	$16,598.00
4067-007 MON0047		3	Monitor, Physiologic, CO2, End Tidal	CareFusion - Alaris	Alaris EtCO2 Module (8300)	N	O/O	2	$5,500.00 E	$16,500.00
C-055684	**BDL217**	1	SCALPEL, HARMONIC W/STAND	Johnson & Johnson	ULTRACISION	N	O/O	2	$16,500.00 E	$16,500.00
C-111472		6	Installation, Sterilizer, Flash	STERIS Corporation	Install 16" & 20" Eagle Century	N	O/V	2	$2,688.00 E	$16,128.00
6338-008 CTK0061		21	Cart / Truck, Soiled Utility	Rubbermaid Commercial Products	1011 Tilt Truck (3/4 cu yd/ 600 lb. capacity)	N	O/V	3	$750.00 E	$15,750.00
4903-062 REF1047		4	Refrigerator, Laboratory, 2 door	Fisher Scientific Company	Isotemp General Purpose 45 cuft (Glass,w/Recorder)	N	O/C	2	$3,924.26 E	$15,697.04

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4266-072 SCL0306		13	Scale, Clinical, Adult, Digital, Floor	Health O Meter, Inc.	1100KL Bariatric Digital	N	O/O	3	$1,200.00 E	$15,600.00
6757-014 STR0531		2	Stretcher, Bariatric	Pedigo Products	7500 Wide	N	O/O	3	$7,720.00 L	$15,440.00
3806-000		432	Flowmeter, Air	Amvex Corporation	_____	N	O/O	3	$35.00 E	$15,120.00
6219-000		1	Electroencephalograph (EEG), Portable	Nihon Kohden America Inc.	_____	N	O/V	2	$15,000.00 E	$15,000.00
4298-011 SHL0075		33	Shelving, Wire, Chrome, 48	InterMetro Industries Corporation	Super Erecta Brite 48x24x74 (4-Tier)	N	O/O	3	$452.00 E	$14,916.00
4059-010 MOB0033		1	Monitor, O.B., Antepartum, Maternal/Fetal	GE Healthcare - Monitoring Systems	Corometrics 256cx	N	O/O	2	$14,000.00 L	$14,000.00
6610-004 WDS0018		1	Waste Disposal, Surgical Fluid Disposal	Dornoch Medical Systems - A Zimmer Company	Ultra Evac Unit	N	O/C	2	$14,000.00 E	$14,000.00
3455-016 CBP0010		22	Cabinet, Patient Room, Bedside	Hill-Rom - Room & Furniture	Harbor Glen	N	O/O	3	$630.00 E	$13,860.00
3374-021 ASP0021		23	Pump, Suction/Aspirator, General, Portable	Ohio Medical	Care-e-vac 3	N	O/O	2	$600.00 E	$13,800.00
4920-003 WST0083		249	Waste Can, Step-On	Rubbermaid Commercial Products	6144 Beige (12 gal)	N	O/O	3	$54.09 E	$13,468.41
5913-013 TIN0057		31	Table, Instrument, 48 inch	Pedigo Products	SG-93-SS (48x24)	N	O/O	3	$425.92 E	$13,203.52
4421-015 STL0155		41	Stool, Exam, w/Backrest	Pedigo Products	P-551-GS	N	O/O	3	$317.44 E	$13,015.04
5002-001 STL0217		75	Stool, Step, Stackable	Pedigo Products	P-1015	N	O/O	3	$170.00 E	$12,750.00
3490-012 CST0338		1	Cabinet, Storage, Clinical, Lead Lined	Biodex Medical Systems, Inc.	244-161 Decay and Storage (1/2" lead)	N	O/O	3	$12,500.00 E	$12,500.00
5362-012 VNT0131		1	Ventilator, BiPAP	Philips - Respironics	Respironics V60 (w/ Cart, Circuit Support Arm)	N	O/O	2	$12,495.00 E	$12,495.00
4716-003 WCR0049		33	Wheelchair, Adult, Extra Large	Invacare Corporation	Tracer IV (24" seat, 350lb)	N	O/O	3	$374.19 E	$12,348.27
4414-003 STL0022		102	Stool, Exam, Cushion-Seat	Pedigo Products	P-36	N	O/O	3	$118.02 E	$12,038.04
C-227104	AU132SB	1	Monitor, Central Station, Remote Display, Patient	Mindray North America	Panorama	N	O/V	2	$12,000.00 E	$12,000.00

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4110-001 PCE0001		2	Pacemaker, External	Medtronic Inc. - Cardiology	Dual-Chamber - Model 5388	N	O/O	2	$5,900.00 E	$11,800.00
C-051185		1	Allowance, Installation, Monitors, ED	Mindray North America	5000-CS-HARD-01	N	O/V	2	$11,790.00 E	$11,790.00
3839-036 HDL0058		2	Headlight, w/ Light Source	Sunoptics Surgical	SolarMaxx 300 System w/Stand, SolarPlus Headband	N	O/O	2	$5,800.00 E	$11,600.00
4075-172 MON0677		1	Monitor, Physiologic, Portable	Mindray North America	Passport V (DPM SpO2, Temp, ECG, NIBP)	N	O/V	2	$11,550.00 E	$11,550.00
4665-001 WMR0049		7	Warmer, Contrast Media	Mallinckrodt Pharmaceuticals	Ready-Box 1550-CW	N	O/O	2	$1,650.00 E	$11,550.00
6292-011 WCR0109		11	Wheelchair, Adult, Heavy-Duty	Invacare Corporation	9000 Topaz (30" seat)	N	O/O	3	$1,030.00 E	$11,330.00
5644-007 MON0430		4	Monitor, Physiologic, Apnea	Philips Children's Medical Ventures	SmartMonitor 2	N	O/O	2	$2,776.00 E	$11,104.00
4942-046 REF0365		24	Refrigerator, Domestic with Freezer	GE Appliances	GTS16BBSRWW (15.7 cu ft/White)	N	O/C	2	$459.00 E	$11,016.00
5923-053 TBL0241		9	Table, Exam/Treatment, Manual Adjust	Midmark Corp - Medical	Ritter 204 (Soft Touch Top)	N	O/O	3	$1,200.00 E	$10,800.00
C-112844		9	Allowance, Charts	Carstens, Inc.	TBD	N	O/O	2	$1,200.00 E	$10,800.00
6002-001 PRC0336		10	Cart, Procedure, Latex-free	Armstrong Medical Industries, Inc.	A-SMART AN-6	N	O/V	3	$1,075.00 E	$10,750.00
6158-008 STN0027		1	Stainer, Slide, Automatic, Benchtop	Siemens Healthcare Diagnostics	Miles Hema-Tek 2000	N	O/O	2	$10,329.00 E	$10,329.00
C-111471		2	Installation, Washer / Decontaminator	STERIS Corporation	Install Synergy Washer	N	O/V	2	$5,140.00 E	$10,280.00
3666-000		3	CPAP Unit, Bilevel	Philips - Respironics	_____	N	O/O	2	$3,350.00 E	$10,050.00
4110-002 PCE0002		4	Pacemaker, External	Medtronic Inc. - Cardiology	Single Chamber - Model 5348	N	O/O	2	$2,500.00 E	$10,000.00
C-111122		1	Allowance, Education, Accessories	TBD	TBD	N	O/O	2	$10,000.00 E	$10,000.00
C-112884		1	Allowance, Gym, Exercise Equipment	TBD	TBD	N	O/V	2	$10,000.00 E	$10,000.00
4073-015 MON0107		2	Monitor, Physiologic, Neonatal	Mindray North America	Accutorr Plus Neonatal (LTB)	N	O/V	2	$4,900.00 E	$9,800.00
8741-003 WSC0006	**7114-001**	2	Cart, Washer/Disinfector, Transfer	STERIS Corporation	FD61-700 Universal Transfer	N	O/V	3	$4,825.00 E	$9,650.00

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ID# CAD ID	Alt ID Item ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext. Cost
4103-103 OVN0255		41	Oven, Microwave, Countertop	GE Appliances	GE Profile PEM31SFSS (1.1 cu ft)	N	O/O	2	$233.00 E	$9,553.00
C-227105	**ADB878G-AT124QM**	5	Allowance, Furniture	TBD	Unspecified	N	O/V	5	$1,820.00 E	$9,100.00
C-111837		1	Cabinet, Bio Safety, Class II, Type A-2	Germfree Laboratories, Inc	4-ft Unit	N	O/C	2	$9,000.00 E	$9,000.00
5990-030 TBU0259		22	Table, Utility, General Purpose	Pedigo Products	SG-80-B-SS (1-Drwr, No Rail)	N	O/O	3	$404.96 E	$8,909.12
3406-007 BAS0021		16	Bassinet, Stainless Steel	Pedigo Products	P-1110-A-SS	N	O/O	3	$550.53 E	$8,808.48
3451-001 BUK0014		59	Bucket, Kick	Pedigo Products	P-1020-SS	N	O/O	3	$147.84 E	$8,722.56
C-055414	**BDL046**	24	Truck, Soiled Linen	Storage Systems Unlimited, Inc.	MOD72P	N	O/O	3	$360.00 E	$8,640.00
4361-007 IVS0047		26	Stand, IV, Chrome	Pedigo Products	P-576-4 Four Hook	N	O/O	3	$329.92 E	$8,577.92
C-055667	**BDL353**	1	REFRIGERATOR, PHARMACEUTICAL, 2 DOOR	Fisher Scientific Company	RPR5004A	N	O/C	3	$8,405.72 E	$8,405.72
4090-023 OPH0021		12	Oto/Ophthalmoscope Set, Desktop	Welch Allyn, Inc.	92851 PocketScope w/Soft Case	N	O/O	2	$693.00 E	$8,316.00
4920-001 WST0081		126	Waste Can, Step-On	Rubbermaid Commercial Products	6143 Beige (8 gal)	N	O/O	3	$65.98 E	$8,313.48
3611-003 CHA0114		2	Chair, Clinical, Imaging	Hologic Inc. - Women's Health	Mammography Positioning Chair	N	O/V	3	$4,150.00 E	$8,300.00
5796-002 SBS0012		24	Stand, Basin, Double	Pedigo Products	P-1079-SS	N	O/O	3	$340.00 E	$8,160.00
5460-023 LIG0141	**3963-011**	10	Light, Exam/Procedure, Single, Mobile, Gooseneck Arm	Philips Burton	Super Bright Spot	N	O/O	2	$805.00 E	$8,050.00
3874-017 HYP0020		2	Hypo-Hyperthermia Unit, General	Cincinnati Sub-Zero Products Inc.	Blanketrol II	N	O/O	2	$4,000.00 E	$8,000.00
5436-002 HUM0003		10	Humidifier, Heated	Teleflex Medical - Hudson RCI	CONCHATHERM IV Plus	N	O/O	2	$800.00 E	$8,000.00
6890-001 SHL0342		1	Shelving, Allowance	InterMetro Industries Corporation	TBD	N	O/V	3	$8,000.00 E	$8,000.00
C-055512	**BDL068**	22	Cart, Housekeeping w/Mop Bucket, Wringer, and Lockbox	Rubbermaid Commercial Products	6173w/7570,6127, 6181	N	O/V	3	$328.19 E	$7,220.18

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C-227097	C-215285	57	Sorter, Mail, Freestanding	Chamstrom Company	1472	N	O/O	3	$125.00 E	$7,125.00
6029-001 CHC0057		9	Cart, Chart, 21-30 chart	Carstens, Inc.	Design-A-Line 3076-00	N	O/O	3	$781.00 E	$7,029.00
4436-058 STR0449		2	Stretcher, Procedure / Recovery	Stryker Medical	Prime with Fifth Wheel 1105 (30' Litter)	N	O/O	3	$3,500.00 E	$7,000.00
5963-014 TBL0212		1	Table, Exam/Treatment, Traction	DJO Global, for Chattanooga Products	Adapta ADP 400	N	O/O	2	$7,000.00 E	$7,000.00
4899-004 FRZ0146		1	Freezer, Plasma, Undercounter	Thermo Fisher Scientific	Jewett CTF306-1B	N	O/C	2	$6,889.00 E	$6,889.00
5859-000		7	Cart, Procedure, Resuscitation	InterMetro Industries Corporation	_____	N	O/V	3	$963.25 E	$6,742.75
C-043268		10	Cart, Casting	Storage Systems Unlimited, Inc.	TBD	N	O/V	3	$672.02 E	$6,720.20
C-055699		21	Cart, Supply/Linen 24x60x74	InterMetro Industries Corporation	SUPER ERECTA CUSTOM	N	O/V	2	$316.00 E	$6,636.00
3897-025 INL0124		1	Incubator, Lab, CO2, Water Jacketed	Thermo Fisher Scientific	Forma 3010	N	O/O	2	$6,504.55 E	$6,504.55
4217-031 REF0873		1	Refrigerator, Blood Bank, 1 door	Thermo Fisher Scientific	Jewett High Performance (23 cuft) JBB2304A	N	O/O	2	$6,501.06 E	$6,501.06
5854-001 PRC0097		4	Cart, Procedure, Malignant Hyperthermia	Blue Bell Bio-Medical	BHC-2-11 Basic Malignant Hyperthermia	N	O/V	3	$1,595.00 E	$6,380.00
C-227106	C-222262	55	Chair, Clinical, Commode, Floor	Invacare Corporation	9949 Drop-Arm	N	O/O	3	$115.00 E	$6,325.00
4689-019 WST0253		58	Waste Can, Swing Top	Rubbermaid Commercial Products	3540 Slim Jim Gray w/2673-60 Lid	N	O/O	3	$109.00 E	$6,322.00
C-227091	C-215284	861	Waste Can, Open Top	Grainger	4PGN6	N	O/O	3	$7.33 E	$6,311.13
6619-006 MIC0153		1	Microscope, Diagnostic	Nikon Inc Instrument Group	Eclipse 50i Tilting (Pathology Pkg)	N	O/O	2	$6,246.00 E	$6,246.00
C-043269		9	Cart, Procedure	Storage Systems Unlimited, Inc.	TBD	N	O/O	3	$675.02 E	$6,075.18
8075-001 PRC0224	5863-049	4	Cart, Procedure, Difficult Airway	Blue Bell Bio-Medical	BAC-22 (Breakaway Lock/Difficult Airway Package)	N	O/V	3	$1,500.00 E	$6,000.00
C-119281		24	Box, Rough In for Harmony LA Intensity Control	STERIS Corporation	LB	N	O/O	2	$249.00 E	$5,976.00

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3798-027 FLR0350		1	Floor Machine, Burnisher, Battery	Nilfisk-Advance, Inc.	Advolution 20B	N	O/O	2	$5,879.00 E	$5,879.00
C-055415	**BDL098**	7	WARMER, CONTRAST MEDIA	Merry X-Ray Corp - SourceOne	406387	N	O/O	3	$835.00 E	$5,845.00
3728-015 DOS0019		1	Dose Calibrator, General	Biodex Medical Systems, Inc.	Atomlab 400 [086-335]	N	O/O	2	$5,800.00 E	$5,800.00
C-055600	**BDL393**	2	STRETCHER, MRI	Merry X-Ray Corp - SourceOne	Gendron 1000MR-124	N	O/V	3	$2,815.00 E	$5,630.00
3441-001 BRD0002		26	Board, Patient Transfer Device	Biodex Medical Systems, Inc.	Easy Mover 056-352	N	O/O	3	$214.00 E	$5,564.00
4573-017 UTH0014		2	Ultrasound, Therapeutic, Electrotherapy Combo	DJO Global, for Chattanooga Products	Intelect Legend 2 Channel Combo	N	O/O	2	$2,650.00 E	$5,300.00
3799-022 FLR0110		1	Floor Machine, Extractor, Carpet	Windsor Industries, Inc.	Commodore 20	N	O/O	2	$5,250.00 E	$5,250.00
4107-009 MON0445		3	Oximeter, Pulse	CareFusion - Alaris	Alaris SPO2 Module w/Nellcor OxiMax (8210)	N	O/O	2	$1,748.00 E	$5,244.00
3907-002 IFS0002		2	Infuser, Pressure	Arizant / 3M Healthcare	Ranger Pressure Infusor	N	O/O	2	$2,551.00 E	$5,102.00
3971-010 LIG0154	**3963-032**	2	Light, Exam/Procedure, Single, Mobile, Articulating Arm	STERIS Corporation	Amsco Examiner 10 (28" Base)	N	O/O	2	$2,526.00 E	$5,052.00
C-055556	**BDL404**	24	SHELVING, WIRE, CHROME, 18x36x80	Storage Systems Unlimited, Inc.	M1836CG47	N	O/V	3	$210.31 E	$5,047.44
6890-001 SHL0342		1	Shelving, Allowance	InterMetro Industries Corporation	TBD	N	O/V	3	$5,000.00 E	$5,000.00
C-055473	**BDL434**	1	Allowance, Biomed Testing Equipment	Unknown	TBD	N	O/O	2	$5,000.00 E	$5,000.00
C-189954		1	Relocation, Injector	Medrad Inc	Deinstall/Reinstall	N	O/V	2	$5,000.00 E	$5,000.00
C-055548	**BDL291**	1	DRYER, CLEAN	Mistogen	MISTOGEN PAT	N	O/O	2	$4,840.78 E	$4,840.78
C-055518	**BDL270**	21	SHELVING UNIT, SOLID SHELVES, 48X14X74.4	Storage Systems Unlimited, Inc.	SSUKIT0727	N	O/V	3	$220.00 E	$4,620.00
4021-000		2	Microscope, Binocular	Nikon Inc Instrument Group	_____	N	O/O	2	$2,200.00 E	$4,400.00
4236-002 REF0151		1	Refrigerator, Lead Lined, Undercounter	Biodex Medical Systems, Inc.	244-003	N	O/C	2	$4,195.00 E	$4,195.00
4422-009 STL0184		11	Stool, High, w/Backrest	Pedigo Products	P-555-GS Lab Stool	N	O/O	3	$370.24 E	$4,072.64

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6789-014 WKN0067		1	Workstation, Viewing, PACS	AFC Industries	Ergo Tier FX ET-09 (84" x 34")	N	O/O	2	$4,000.00 E	$4,000.00
C-227109	**C220809 3860-020**	1	Hood, Fume, Benchtop, Non-vented	Labconco Corporation	Fume Absorbers3955400	N	O/O	2	$3,991.91 E	$3,991.91
3789-027 SMK0025		1	Smoke Evacuation, Surgical	Covidien - Valleylab Div	RapidVac	N	O/O	2	$3,950.00 E	$3,950.00
4311-035 SHD0111		1	Shield, Lead, Mobile	Biodex Medical Systems, Inc.	042-582 Clear-Lead Mobile Barrier (Full Window)	N	O/O	3	$3,950.00 E	$3,950.00
4920-001 WST0081		33	Waste Can, Step-On	Rubbermaid Commercial Products	6143 Beige (8 gal)	N	O/O	3	$119.00 E	$3,927.00
4417-007 STL0117		12	Stool, Step, w/Handrail	Pedigo Products	P-1010-A-SS Stainless Steel	N	O/O	3	$326.48 E	$3,917.76
C-012220	**BDL329**	1	FLOOR MACHINE, SCRUBBER	Grainger	NSS WRANGLER	N	O/O	2	$3,911.13 E	$3,911.13
4416-004 STL0092		31	Stool, Step	Pedigo Products	P-1010-SS Stainless Steel	N	O/O	3	$125.60 E	$3,893.60
C-112618		2	Installation, Light, Surgical, Dual	STERIS Corporation	Installation Harmony LA/LED Dual Surgical Light	N	O/V	2	$1,890.00 E	$3,780.00
3436-010 BLD0010		4	Blender, Gas, Air/Oxygen	CareFusion - Bird	Bird High Flow MicroBlender	N	O/O	3	$920.00 E	$3,680.00
6354-004 INL0096		3	Incubator, Lab, Biological Indicator	3M Health Care	ATTEST 290 Auto-reader	N	O/O	3	$1,200.00 E	$3,600.00
7811-001 STC0016		2	Cart, Storage, MRI Coil	GE Healthcare - Radiology Accessories	E8011M	N	O/O	3	$1,800.00 E	$3,600.00
3902-023 INL0098	**6713-002**	1	Incubator, Lab, General, Compact	Panasonic Healthcare	MIR-262	N	O/O	2	$3,562.00 E	$3,562.00
3591-007 CEN0006		1	Centrifuge, Coagulation	Ortho-Clinical Diagnostics Div J&J	MTS Centrifuge	N	O/O	2	$3,500.00 E	$3,500.00
3836-008 HAM0008		26	Hamper, Linen	Medline Industries Inc.	Chrome Hamper stand	N	O/O	3	$131.00 E	$3,406.00
C-055432	**BDL394**	2	WHEELCHAIR, ADULT, MRI	Merry X-Ray Corp - SourceOne	262911	N	O/O	3	$1,681.00 E	$3,362.00
4298-011 SHL0075		6	Shelving, Wire, Chrome, 48	InterMetro Industries Corporation	Super Erecta Brite 48x24x74 (4-Tier)	N	O/V	3	$548.00 E	$3,288.00
4768-002 ANO0010		1	Analyzer, Otolaryngologic, Speech	KayPENTAX	Visi-Pitch IV Model 3950	N	O/O	2	$3,250.00 E	$3,250.00
4920-002 WST0082		22	Waste Can, Step-On	Rubbermaid Commercial Products	6145 Beige (18 gal)	N	O/O	3	$143.00 E	$3,146.00

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4920-003 WST0083		41	Waste Can, Step-On	Rubbermaid Commercial Products	6144 Beige (12 gal)	N	O/O	3	$75.80 E	$3,107.80
C-055507	BDL371	1	Spirometer	CareFusion - SensorMedics	TBD	N	O/O	3	$3,100.14 E	$3,100.14
4310-009 SHD0081		1	Shield, Lead, Table Top L-block	Biodex Medical Systems, Inc.	042-428	N	O/O	3	$3,025.00 E	$3,025.00
5853-024 PRC0092		2	Cart, Procedure, Isolation	Armstrong Medical Industries, Inc.	4-dr Premier Bge/Yel (Key-Lock)	N	O/O	3	$1,510.00 E	$3,020.00
C-112788		1	Allowance, Maintenance, Tool	Grainger	TBD	N	O/O	2	$3,000.00 E	$3,000.00
4985-002 CEN0158		1	Centrifuge, Blood Bank	BD Diagnostics	Clay Adams Sero-Fuge 2002	N	O/O	2	$2,906.00 E	$2,906.00
3608-025 CHA0414		54	Chair, Clinical, Shower, Floor	Invacare Corporation	CareGuard 96-2	N	O/O	3	$52.00 E	$2,808.00
3787-037 ERG0093		1	Ergometer, Bicycle, Recumbent	Life Fitness	Elevation Series - 95R Achieve Lifecycle	N	O/O	3	$2,800.00 E	$2,800.00
C-227094	C-215300	35	Waste Can, Step-On	Grainger	23Gal Beige Step On 6GAK1	N	O/O	3	$80.00 E	$2,800.00
4687-020 WST0018		43	Waste Can, Bio-Hazardous	Rubbermaid Commercial Products	6143 Red (8 gal)	N	O/O	3	$64.86 E	$2,788.98
4194-009 RCK0088		22	Rack, Cylinder, Floor	Anthony Welded Products, Inc.	6060 (6 Cap.)	N	O/O	3	$125.00 E	$2,750.00
7433-004 SHD0080		1	Shield, Lead, Brick	Biodex Medical Systems, Inc.	042-425 Lead Brick Cave (3-wall. 2"Pb)	N	O/O	3	$2,722.00 E	$2,722.00
C-055528	BDL093	1	Viewbox, Mammography, 2/2 Panel, Surface	Merry X-Ray Corp - SourceOne	Maxant MM4	N	O/C	2	$2,719.00 E	$2,719.00
6143-007 ANA0434		1	Analyzer, Lab, Sedimentation Rate	Streck	ESR-Auto Plus	N	O/O	2	$2,616.00 E	$2,616.00
C-111469		2	Installation, Light, Surgical, Single	STERIS Corporation	Install Harmony LA/LED Single/w Hub Spacer	N	O/V	2	$1,270.00 E	$2,540.00
4690-002 WST0060		18	Waste Can, 32-40 Gallon	Rubbermaid Commercial Products	2632 BRUTE Gray w/2631 Lid & 2640 Dolly	N	O/O	3	$140.00 E	$2,520.00
7710-013 TBL0374	C222271	1	Table, Exam/Treatment, Hi-Low, Bariatric	Armedica Manufacturing Corporation	AM-BA 340	N	O/O	2	$2,500.00 E	$2,500.00
C-055690		1	Allowance, Bed, Queen	TBD	TBD	N	O/O	2	$2,500.00 E	$2,500.00

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C-106694		1	Allowance, Hot Lab	TBD	TBD	N	O/O	2	$2,500.00 E	$2,500.00
C-055404	BDL301	1	Treadmill, Gym	Patterson Medical	3200 TREADMILL	N	O/O	2	$2,246.00 E	$2,246.00
5836-013 UTC0087		3	Cart, Utility, Polymer	LogiQuip LLC	4500	N	O/V	3	$738.00 E	$2,214.00
5848-013 SPC0178		3	Cart, Supply, Suture	IRSG - Pipp Mobile Storage Systems	SRC1836-63C	N	O/V	3	$723.00 E	$2,169.00
6540-011 CHA0237		9	Chair, Clinical, Commode, Bariatric	Invacare Corporation	6599 Drop Arm	N	O/O	3	$240.00 E	$2,160.00
C-227112	AT474NZ	16	Basket, Bassinet, Plastic	Pedigo Products	53	N	O/O	2	$132.29 E	$2,116.64
6164-016 CHA0477	C119951	1	Chair, Clinical, Blood Draw, Reclining	Fisher Scientific Company	Hamilton CareCliner (950P7770)	N	O/O	2	$2,102.00 E	$2,102.00
3871-003 HYD0005		1	Therapy Unit, Moist Heat, Mobile	DJO Global, for Chattanooga Products	Hydrocollator M-4	N	O/O	2	$2,100.00 E	$2,100.00
5251-073 MON0630		1	Monitor, Physiologic, Vital Signs	Mindray North America	Accutorr V (NIBP, DPM SpO2)	N	O/O	2	$2,050.00 E	$2,050.00
C-043267		2	Cart, Anesthesia	Storage Systems Unlimited, Inc.	TBD	N	O/V	3	$1,016.10 E	$2,032.20
4109-003 OXM0032		4	Oximeter, Pulse, Hand Held	Covidien - Nellcor Division	N-20	N	O/O	3	$500.00 E	$2,000.00
C-039730		4	CPT Percussor	Hudson	PrecusAir	N	O/O	3	$500.00 E	$2,000.00
5774-002 HYD0015		1	Therapy Unit, Chilling, Mobile	DJO Global, for Chattanooga Products	ColPac Chilling Unit C-5	N	O/O	2	$1,950.00 E	$1,950.00
C-055530	BDL326	2	FLOOR MACHINE, BUFFER, SCRUBBER	Grainger	MINUTEMAN M2	N	O/O	2	$880.00 E	$1,760.00
3726-011 DOP0007		2	Doppler, Ultrasonic, Blood Flow	Parks Medical Electronics, Inc.	810-A	N	O/O	3	$820.00 E	$1,640.00
4920-010 WST0089		8	Waste Can, Step-On	Rubbermaid Commercial Products	6146 Beige (23 gal)	N	O/O	3	$203.00 E	$1,624.00
C-055471	BDL275	3	Cabinet, Storage, Flammable Items	Storage Systems Unlimited, Inc.	30 Gallon	N	O/V	2	$522.56 E	$1,567.68
4358-005 STA0002		1	Stairs, Training, Convertible	Hausmann Industries	1560-65-036	N	O/O	3	$1,500.00 E	$1,500.00
5505-002 INL0085		1	Incubator, Lab, Blood Bank	Ortho-Clinical Diagnostics Div J&J	MTS Incubator	N	O/O	2	$1,500.00 E	$1,500.00

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6890-001 SHL0342		1	Shelving, Allowance	InterMetro Industries Corporation	TBD	N	O/V	3	$1,500.00 E	$1,500.00
C-108549		3	Cabinet, Bio Safety, Exhaust Kit	Germfree Laboratories, Inc	Transition kit	N	O/C	2	$500.00 E	$1,500.00
C-112799		1	Allowance, Shelving & Bins	Storage Systems Unilimited	TBD	N	O/V	2	$1,500.00 E	$1,500.00
C-112882		1	Allowance, Cart, Drug Transport	Storage Systems Unlimited	Match Facility Standard	N	O/V	2	$1,500.00 E	$1,500.00
4687-002 WST0006		27	Waste Can, Bio-Hazardous	Rubbermaid Commercial Products	6144 Red (12 gal)	N	O/O	3	$54.09 E	$1,460.43
4078-016 MRD0017		1	Monitor, Radiation , General (Dosimetry)	Fluke Biomedical - Radiation Safety	Primalert Digital Area Monitor 05-443	N	O/O	2	$1,389.00 E	$1,389.00
6693-002 MAL0027		1	Mail Machine, Postage, Low Volume	Pitney Bowes	DM200 Digital	N	O/V	2	$1,365.00 E	$1,365.00
5853-035 PRC0363		1	Cart, Procedure, Isolation	Harloff Company, Inc.	6521 (4-Drwr)	N	O/O	3	$1,299.00 E	$1,299.00
4285-007 SLR0007		1	Sealer, Heat, Packaging	Rennco Inc.	Lift Seal 18 LS	N	O/O	2	$1,255.00 E	$1,255.00
4170-003 BRP0003		2	Pump, Breast, General	Medela Inc. - Breastfeeding	Lactina Select	N	O/O	2	$625.00 E	$1,250.00
4170-003 BRP0003		1	Pump, Breast, General	Medela Inc. - Breastfeeding	Lactina Select	N	O/O	2	$1,250.00 E	$1,250.00
C-112892		1	Allowance, Shelving, Wire	Storage Systems Unlimited	24" x 72"	N	O/V	2	$1,200.00 E	$1,200.00
C-055513	**BDL069**	24	SHELF UNIT, WALL, SINGLE, 36"	Storage Systems Unlimited, Inc.	714628	N	O/V	2	$47.96 E	$1,151.04
5515-000		2	Regulator, Suction, MRI	Amvex Corporation	_____	N	O/O	3	$573.00 E	$1,146.00
3637-004 CMA0002		1	Compressor, Air, General	STERIS Corporation	CK00-000-000- 006	N	O/C	2	$1,140.00 E	$1,140.00
3598-016 CEN0098		1	Centrifuge, General Purpose, Countertop	BD Diagnostics	Compact II (Clay Adams)	N	O/O	2	$1,107.22 E	$1,107.22
C-055486	**M00003**	1	Cash Register, Standard, Mid-Level	TBD	TBD	N	O/O	2	$1,100.00 E	$1,100.00
6015-037 SPC0378		2	Cart, Supply, Chrome, 48 inch	LogiQuip LLC	MB456CH (48x24x69, 4-Tier)	N	O/V	3	$546.00 E	$1,092.00
4581-010 VAC0043		2	Vacuum, Upright	Grainger	Minuteman MPV	N	O/O	2	$535.00 E	$1,070.00
C-055406	**BDL063**	2	CART, SUPPLY, CHROME, WIRE, 24x48x74	Storage Systems Unlimited, Inc.	SSUKIT0725 w/Covers	N	O/V	3	$523.25 E	$1,046.50

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5789-005 MAY0049		2	Stand, Mayo, MRI	Blickman Inc.	8841MR	N	O/O	3	$519.00 E	$1,038.00
C-112623		1	Installation, Ultrasonic Cleaner	STERIS Corporation	Installation Ultrasonic Cleaner	N	O/V	2	$1,030.00 E	$1,030.00
6465-015 BRS0053		1	Bars, Parallel, Platform	Hausmann Industries	1391 Crank Height (7 ft.)	N	O/O	3	$1,025.00 E	$1,025.00
C-112826		1	Allowance, Shelving, Solid, Steel	Storage Systems Unilimited	TBD	N	O/V	2	$1,000.00 E	$1,000.00
C-112887		1	Allowance, Shelving, Gift Shop	Storage Systems Unilimited	TBD	N	O/V	2	$1,000.00 E	$1,000.00
C-118414		1	Balance, Pharmacy	Sartorius Corporation	GD503	N	O/O	2	$1,000.00 E	$1,000.00
C-055433	**BDL388**	2	STOOL, MRI W/BACKREST	Merry X-Ray Corp - SourceOne	BREWER 257800	N	O/O	3	$497.00 E	$994.00
5844-015 SPC0672		1	Cart, Supply, Linen, 36"	InterMetro Industries Corporation	AST35DC (36x24x59 Std Duty)	N	O/O	3	$982.00 E	$982.00
3436-001 BLD0001		1	Blender, Gas, Air/Oxygen	CareFusion - Bird	Bird High Flow Microblender (w/Hose,Wall Brkt)	N	O/O	3	$974.00 E	$974.00
6338-008 CTK0061		2	Cart / Truck, Soiled Utility	Rubbermaid Commercial Products	1011 Tilt Truck (3/4 cu yd/ 600 lb. capacity)	N	O/V	3	$478.59 E	$957.18
C-055491	**BDL205**	9	LAMP, MAGNIFIER	Grainger	LUMAPRO 4PD47B	N	O/O	3	$105.00 E	$945.00
C-189531		1	Mattress, Pressure Reduction	Hill-Rom - Room & Furniture	Accumax	N	O/V	2	$925.00 E	$925.00
5904-004 CHA0210		1	Chair, Clinical, Hydrotherapy	Ferno Performance Pools	92 Adjustable Low Chair	N	O/O	3	$900.00 E	$900.00
7026-000		1	Cart, Procedure, Phlebotomy	Unspecified	_____	N	O/V	3	$900.00 E	$900.00
4942-047 REF0366		1	Refrigerator, Domestic with Freezer	GE Appliances	GTS16BCSLWW (15.7 cu ft/Icemaker)	N	O/C	2	$849.00 E	$849.00
4666-015 WMR0064		8	Warmer, Gel	Ideal Products	GW208 (2-Bottle)	N	O/O	2	$105.50 E	$844.00
5832-014 SPC0109		2	Cart, Supply, Linen, 48"	InnerSpace - Datel	Quickwire QWLC246	N	O/V	3	$420.00 E	$840.00
5548-003 TSR0003		1	Tester, Leak, Endoscope	Olympus America Inc - Endoscope Div.	MU-1 w/ MB-155	N	O/O	4	$833.00 E	$833.00
4689-007 WST0055		21	Waste Can, Swing Top	Rubbermaid Commercial Products	3958 Untouchable Square Beige w/2664 Lid	N	O/O	3	$39.59 E	$831.39

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7380-001 BRD0094		1	Board, White, Magnetic	Magnatag Visible Systems	GR1246M (4x6)	N	O/C	3	$819.00 E	$819.00
6145-005 DOP0033		1	Doppler, Vascular	ArjoHuntleigh	Dopplex MD2	N	O/O	3	$815.00 E	$815.00
3598-021 CEN0102		1	Centrifuge, General Purpose, Countertop	Thermo Fisher Scientific	Medilite 12	N	O/O	2	$810.62 E	$810.62
C-055494		2	Table, Utility, S/S W/Drawer & Center Shelf	Kerma Medical	PEDIGO SG-80-SS	N	O/O	3	$404.96 E	$809.92
5661-004 SLE0011		1	Scale, Postage	Pitney Bowes	Integra 15lb capacity	N	O/O	2	$800.00 E	$800.00
C-055587		2	Stand, I.V., S/S, 4 Hook, 5 Leg	Kerma Medical	4956P15764	N	O/O	3	$379.80 E	$759.60
5427-006 SCL0149		3	Scale, Clinical, Infant/Pediatric, Digital	Health O Meter, Inc.	553KL	N	O/O	2	$250.00 E	$750.00
6579-003 CTK0095		1	Cart / Truck, Pallet, Manual	Grainger	Dayton 4YX96	N	O/O	3	$750.00 E	$750.00
3608-018 CHA0281		9	Chair, Clinical, Shower, Floor	Invacare Corporation	Bariatric Shower Chair w/ Back [9785-2]	N	O/O	3	$80.00 E	$720.00
5938-007 TMT0085	**C222272**	1	Table, Mat, 72 inch	Hausmann Industries	1412-68 (6x8)	N	O/O	3	$720.00 E	$720.00
C-055512	**BDL068**	2	Cart, Housekeeping w/Mop Bucket, Wringer, and Lockbox	Rubbermaid Commercial Products	6173w/7570,6127, 6181	N	O/V	3	$339.91 E	$679.82
3598-032 CEN0112		2	Centrifuge, General Purpose, Countertop	Drucker Company	614B	N	O/O	2	$321.00 E	$642.00
7246-001 ILL0014		3	Illuminator, Vaginal	Welch Allyn, Inc.	KleenSpec (w/Transformer)	N	O/O	4	$210.00 E	$630.00
C-227113		16	Mattress, Bassinet	Pedigo Products	54	N	O/O	2	$38.21 E	$611.36
C-055464	**BDL274**	1	CABINET, FLAMMABLE STORAGE	Storage Systems Unlimited, Inc.	3W208	N	O/V	3	$602.00 E	$602.00
C-093480		2	ALLOWANCE FOR HEADWALL ACCESSORIES	TBD - To Be Determined	TO BE DETERMINED	N	O/O	3	$300.00 E	$600.00
C-055763		5	Shelving, Storage, 36x18x75, Solid Shelves	Storage Systems Unlimited, Inc.	510250	N	O/V	3	$119.06 E	$595.30
C-055567	**BDL276**	2	BENCH, WORK, STEEL	Grainger	47W90 W/ 2 P	N	O/O	3	$294.85 E	$589.70

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4692-001 WST0077		1	Waste Can, Lead-lined	Biodex Medical Systems, Inc.	039-106	N	O/O	3	$575.00 E	$575.00
5495-002 VWR0023		1	Viewer, Agglutination	BD Diagnostics	Clay Adams 420630	N	O/O	3	$560.00 E	$560.00
5863-199 PRC0617		1	Cart, Procedure, General	InnerSpace - Datel	Harmony 21 White (Cell System)	N	O/V	3	$551.00 E	$551.00
C-055601	**BDL309**	2	STAND, I.V., MRI	Merry X-Ray Corp - SourceOne	PICKER 25780	N	O/O	3	$262.00 E	$524.00
C-055499	**BDL272**	1	SHELVING, STERILE WRAP RACK, MOBILE 24x48x68	Storage Systems Unlimited, Inc.	510234	N	O/V	3	$521.50 E	$521.50
C-227111	**C-220849**	1	Mixer, Rocker	Fisher Scientific Company	Nutating, Fixed speed 22-363-152	N	O/O	2	$506.71 E	$506.71
4946-005 HAM0076		2	Hamper, Linen, MRI	Blickman Inc.	7772MR	N	O/O	3	$250.00 E	$500.00
C-039572		1	Ladder, Step, Straddle Base, Perforated Steps	Storage Systems Unlimited, Inc.	SSUKIT0650	N	O/V	3	$481.00 E	$481.00
3836-008 HAM0008		7	Hamper, Linen	Medline Industries Inc.	Chrome Hamper stand	N	O/O	3	$68.65 E	$480.55
3836-008 HAM0008		6	Hamper, Linen	Medline Industries Inc.	Chrome Hamper stand	N	O/O	3	$80.00 E	$480.00
C-055542	**BDL352**	1	TRUCK, PLATFORM, 1000 LB CAP	Storage Systems Unlimited, Inc.	RUBBERMAID 4436-10	N	O/O	3	$472.05 E	$472.05
C-055602	**BDL308**	2	STOOL, STEP, MRI	Merry X-Ray Corp - SourceOne	PICKER 25778	N	O/O	3	$224.00 E	$448.00
C-137338		7	Waste Can, 23 Gallon, Slim Style, Beige	Grainger	4PGV1	N	O/O	2	$63.55 E	$444.85
4041-002 MIR0002		1	Mirror, Birthing, Mobile	Hill-Rom - Room & Furniture	Affinity P1505	N	O/O	3	$419.00 E	$419.00
4298-011 SHL0075		2	Shelving, Wire, Chrome, 48	InterMetro Industries Corporation	Super Erecta Brite 48x24x74 (4-Tier)	N	O/O	3	$200.00 E	$400.00
C-118412		1	Shelving, Wire, 48x18x72	Storage Systems Unilimited	Solid bottom shelf	N	O/V	2	$400.00 E	$400.00
4050-001 MIX0025		1	Mixer, Vortex	Thermo Fisher Scientific	MaxiMix II	N	O/O	2	$387.64 E	$387.64
4690-002 WST0060		8	Waste Can, 32-40 Gallon	Rubbermaid Commercial Products	2632 BRUTE Gray w/2631 Lid & 2640 Dolly	N	O/O	3	$47.09 E	$376.72

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4298-052 SHL0753		1	Shelving, Wire, Chrome, 48	Eagle MHC	S4-63-1848C (48'x18' Starter)	N	O/O	3	$376.00 E	$376.00
4298-052 SHL0753		1	Shelving, Wire, Chrome, 48	Eagle MHC	S4-63-1848C (48'x18' Starter)	N	O/V	3	$376.00 E	$376.00
4687-003 WST0007		3	Waste Can, Bio-Hazardous	Rubbermaid Commercial Products	6146 Red (23 gal)	N	O/O	3	$116.13 E	$348.39
5502-000		2	Flowmeter, Oxygen, MRI	Amvex Corporation	_____	N	O/O	3	$159.00 E	$318.00
5943-044 TBL0348	**C222274**	1	Table, Exam/Treatment, Stationary	Hausmann Industries	4002 H-Brace	N	O/O	3	$300.00 E	$300.00
4920-002 WST0082		2	Waste Can, Step-On	Rubbermaid Commercial Products	6145 Beige (18 gal)	N	O/O	3	$143.00 L	$286.00
4689-007 WST0055		2	Waste Can, Swing Top	Rubbermaid Commercial Products	3958 Untouchable Square Beige w/2664 Lid	N	O/O	3	$140.80 E	$281.60
4920-003 WST0083		2	Waste Can, Step-On	Rubbermaid Commercial Products	6144 Beige (12 gal)	N	O/O	3	$139.00 E	$278.00
C-055610	**BDL262**	2	Thermometer, Tympanic, Digital	Covidien - Kendall Products	TBD	N	O/O	3	$121.00 E	$242.00
C-055465	**BDL188**	2	STOOL, WORKBENCH	Grainger	4KJ96	N	O/O	3	$120.00 E	$240.00
4689-019 WST0253		4	Waste Can, Swing Top	Rubbermaid Commercial Products	3540 Slim Jim Gray w/2673-60 Lid	N	O/O	3	$59.17 E	$236.68
5018-010 ILL0009		1	Illuminator, Bright Spot	Bar-Ray Products, Inc.	69495 Deluxe	N	O/O	2	$229.00 E	$229.00
4194-018 RCK0097		2	Rack, Cylinder, Floor	Anthony Welded Products, Inc.	6120 (12 cap.)	N	O/O	3	$108.00 E	$216.00
4264-014 SCL0309	**C222270**	1	Scale, Clinical, Diaper	Health O Meter, Inc.	222KL	N	O/O	3	$210.00 E	$210.00
4689-007 WST0055		1	Waste Can, Swing Top	Rubbermaid Commercial Products	3958 Untouchable Square Beige w/2664 Lid	N	O/O	3	$205.00 E	$205.00
4687-003 WST0007		1	Waste Can, Bio-Hazardous	Rubbermaid Commercial Products	6146 Red (23 gal)	N	O/O	3	$203.00 E	$203.00
6038-002 CYC0036		1	Cart, Cylinder, H, Single	W.T. Farley	CR-HC400 (H size)	N	O/O	3	$199.00 E	$199.00
3887-001 IMM0010		1	Immobilizer, Infant	Natus Medical - Olympic	Circumstraint	N	O/O	3	$180.00 E	$180.00
C-055468	**BDL350**	2	Truck, Hand, 650 LB CAP	Storage Systems Unlimited, Inc.	TBD	N	O/O	3	$82.80 E	$165.60

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4920-002 WST0082		1	Waste Can, Step-On	Rubbermaid Commercial Products	6145 Beige (18 gal)	N	O/O	3	$158.00 E	$158.00
4690-002 WST0060		2	Waste Can, 32-40 Gallon	Rubbermaid Commercial Products	2632 BRUTE Gray w/2631 Lid & 2640 Dolly	N	O/O	3	$71.42 E	$142.84
7300-001 MIR0026		1	Mirror, Speech Therapy	Patterson Medical	Two-Panel Folding [4966]	N	O/O	3	$140.00 E	$140.00
8214-006 WST0162		1	Waste Can, Bio-Hazardous, 32-55 Gallon	Rubbermaid Commercial Products	2632 BRUTE Red w/2631 Lid & 2640 Dolly	N	O/O	3	$140.00 E	$140.00
4920-001 WST0081		2	Waste Can, Step-On	Rubbermaid Commercial Products	6143 Beige (8 gal)	N	O/O	3	$64.86 E	$129.72
C-055531	**BDL177**	1	CART, MAIL	Storage Systems Unlimited, Inc.	SSUKIT0724	N	O/V	3	$128.74 E	$128.74
5407-002 WST0109		2	Waste Can, 20-31 Gallon	Rubbermaid Commercial Products	3540 Slim Jim Beige (23 gal)	N	O/O	3	$64.00 E	$128.00
6159-000		1	Board, Dissecting	Unspecified	_____	N	O/O	3	$123.00 E	$123.00
C-055394	**BDL176**	1	Stool, Step, Retracting Casters	Staples	RCP2523	N	O/O	3	$40.33 E	$40.33
5490-000		1	Disposal, Sharps, Floor Bin	Covidien - Kendall Products	_____	N	O/O	3	$36.00 E	$36.00
7729-001 DIS0089		2	Disposal, Sharps, Countertop, Pharmacy	Covidien - Kendall Products	RCRA Haz. Waste 8602RC (2 gal)	N	O/O	3	$11.00 E	$22.00
7353-002 DIS0064		1	Disposal, Sharps, Floor Bin, Chemo	Covidien - Kendall Products	Chemosafety 8985S (8 gal, Sliding lid)	N	O/O	3	$19.00 E	$19.00
3337-004 ANA0019		1	Analyzer, Lab, Blood Culture	Biomerieux, Inc.	BacT/Alert 3D Control Module	L	O/V	2	$0.00 E	$0.00
3347-000		1	Analyzer, Lab, Chemistry	Unspecified	_____	L	O/O	2	$0.00 E	$0.00
3347-014 ANA0109		1	Analyzer, Lab, Chemistry	Beckman Coulter, Inc.	Synchron LXi 725	L	O/V	2	$0.00 E	$0.00
3350-023 ANA0151		1	Analyzer, Lab, Coagulation, Whole Blood	Instrumentation Laboratory - Werfen Group	ACL Elite	L	O/V	2	$0.00 E	$0.00
3356-030 ANA0232		1	Analyzer, Lab, Hematology	Beckman Coulter, Inc.	AcT diff w/Tainer System	L	O/V	2	$0.00 E	$0.00
3356-031 ANA0233		1	Analyzer, Lab, Hematology	Beckman Coulter, Inc.	LH 500 System	L	O/V	2	$0.00 E	$0.00
3357-004 ANA0265		1	Analyzer, Lab, Hemoglobin (Glyco-Hemoglobin)	Bio-Rad Laboratories, Ltd	D-10	L	O/V	2	$0.00 E	$0.00

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3360-015 ANA0301		1	Analyzer, Lab, Immunoassay, Countertop	Beckman Coulter, Inc.	Access 2	L	O/V	2	$0.00 E	$0.00
3362-005 ANA0314		1	Analyzer, Lab, Microbiology	Biomerieux, Inc.	VITEK 2 System	L	O/V	2	$0.00 E	$0.00
3372-000		3	Apron, Lead	Merry X-Ray Corp - SourceOne	_____	E	O/O	3	$0.00 E	$0.00
3372-000		1	Apron, Lead	Merry X-Ray Corp - SourceOne	_____	F	O/O	3	$0.00 E	$0.00
3410-014 BAT0018		1	Bath, Water, Single Chamber	CIVCO Medical Solutions	MT-RH-1500 Large Water Bath	F	O/O	2	$0.00 E	$0.00
3581-035 CTK0707		1	Cart / Truck, Linen, Bulk	Meese Orbitron Dunne Laundry/Tingue, Brown & Co.	72P Poly-Trux (48 cu. ft.)	F	O/O	3	$0.00 E	$0.00
3606-007 CHA0074		2	Chair, Clinical, Exam, EENT	Reliance Medical Products	6200 (High or Low Base)	F	O/O	2	$0.00 E	$0.00
3643-016 CIS0005		1	Computer Workstation, Data Mgt, Cardiac (Holter)	GE Healthcare - Cardiology	MARS 8000	L	O/V	2	$0.00 E	$0.00
3645-012 CIS0133		1	Computer Workstation, Cardiac Cath-Lab, Hemodynamic	GE Healthcare - Cardiology	MacLab IT	E	O/V	2	$0.00 E	$0.00
3678-043 DFB0134		1	Defibrillator, Monitor, w/Pacing	Physio-Control Inc.	LIFEPAK 15 (Basic)	E	O/O	2	$0.00 E	$0.00
3708-017 MED0011		1	Dispenser, Medication, Host (Main)	CareFusion - Pyxis	CII Safe NV Control Station (Table Top)	L	O/V	2	$0.00 E	$0.00
3708-106 MED0170		22	Dispenser, Medication, Host (Main)	CareFusion - Pyxis	Pyxis MedStation 4000 (6-Drwr, 0 Cubie)	L	O/V	2	$0.00 E	$0.00
3708-109 MED0176		4	Dispenser, Medication, Host (Main)	CareFusion - Pyxis	Pyxis MedStation 4000 (2-Drwr, 0 Cubie)	L	O/V	2	$0.00 E	$0.00
3708-124 MED0215		6	Dispenser, Medication, Host (Main)	CareFusion - Pyxis	Pyxis MedStation 4000 (2-Drwr, 1 Cubie)	L	O/V	2	$0.00 E	$0.00
3711-029 MED0172		44	Dispenser, Medication, Auxiliary	CareFusion - Pyxis	Pyxis MedStation 4000 Single Column (4 Door)	L	O/V	2	$0.00 E	$0.00
3723-034 DIS0289		534	Disposal, Sharps, Wall Mount	Stericycle	Bio Systems C-02RES-0203 w/ Cabinet	L	O/C	2	$0.00 E	$0.00
3803-000		1	Flowmeter, Oxygen	Amvex Corporation	_____	E	O/O	3	$0.00 E	$0.00

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3836-008 HAM0008		4	Hamper, Linen	Medline Industries Inc.	Chrome Hamper stand	F	O/O	3	$0.00 Q	$0.00
3836-008 HAM0008		1	Hamper, Linen	Medline Industries Inc.	Chrome Hamper stand	E	O/O	3	$0.00 E	$0.00
3908-010 INJ0007		1	Injector, Contrast Media, Mobile	Medrad Inc	Mark V ProVis Pedestal (150 ml)	E	O/V	2	$0.00 E	$0.00
3984-039 LIN0031		1	Linear Accelerator, High Energy (>10MV)	Varian Medical Systems - Oncology Systems	TrueBeam System	F	O/V	2	$0.00 E	$0.00
4103-082 OVN0211		1	Oven, Microwave, Countertop	GE Appliances	Profile Spacemaker II PEM31SMSS	F	O/O	2	$0.00 E	$0.00
4177-028 INF0022		4	Pump, Infusion, Single	CareFusion - Alaris	Alaris Pump Module (8100)	E	O/O	2	$0.00 E	$0.00
4183-007 PMP0042		1	Pump, Balloon, Intra-Aortic	MAQUET Cardiovascular	Datascope CS100 w/ IntelliSync (full function)	E	O/V	2	$0.00 E	$0.00
4209-007 AFT0015		1	Afterloader, High Dose Rate	Varian Medical Systems - Oncology Systems	VariSource iXt (w/ Transportation Cart)	F	O/V	2	$0.00 Q	$0.00
4248-000		1	Regulator, Suction, Intermittent/Continuous	Amvex Corporation	_____	E	O/O	3	$0.00 E	$0.00
4275-010 SCL0121		1	Scale, Clinical, Adult, Wheelchair	Detecto Scale- Div.Cardinal Scale Mfg	6495 Digital	F	O/O	3	$0.00 E	$0.00
4416-004 STL0092		1	Stool, Step	Pedigo Products	P-1010-SS Stainless Steel	E	O/O	3	$0.00 E	$0.00
4421-015 STL0155		1	Stool, Exam, w/Backrest	Pedigo Products	P-551-GS	E	O/O	3	$0.00 E	$0.00
4436-058 STR0449		1	Stretcher, Procedure / Recovery	Stryker Medical	Prime with Fifth Wheel 1105 (30' Litter)	F	O/O	3	$0.00 E	$0.00
4657-000		22	Warmer, Patient, Hypothermia	Unspecified	_____	L	O/O	2	$0.00 E	$0.00
4657-000		2	Warmer, Patient, Hypothermia	Unspecified	_____	L	O/O	2	$0.00 E	$0.00
4657-002 WMR0002		1	Warmer, Patient, Hypothermia	Arizant / 3M Healthcare	Bair Hugger 505	L	O/O	2	$0.00 E	$0.00
4658-005 WMR0021		30	Warmer, Fluid/ Blood, Portable	Arizant / 3M Healthcare	Ranger Blood/Fluid Warming System	L	O/O	2	$0.00 E	$0.00

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ID# CAD ID	Alt ID Item ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext. Cost
4687-002 WST0006		1	Waste Can, Bio-Hazardous	Rubbermaid Commercial Products	6144 Red (12 gal)	F	O/O	3	$0.00 Q	$0.00
4687-020 WST0018		1	Waste Can, Bio-Hazardous	Rubbermaid Commercial Products	6143 Red (8 gal)	F	O/O	3	$0.00 Q	$0.00
4687-020 WST0018		4	Waste Can, Bio-Hazardous	Rubbermaid Commercial Products	6143 Red (8 gal)	F	O/O	3	$0.00 E	$0.00
4688-002 WST0033		6	Waste Can, Open Top	Rubbermaid Commercial Products	2540 Beige (7 qt)	F	O/O	3	$0.00 E	$0.00
4688-003 WST0034		2	Waste Can, Open Top	Rubbermaid Commercial Products	2541 Fire Resistant (14 qt, Black)	F	O/O	3	$0.00 E	$0.00
4688-003 WST0034		2	Waste Can, Open Top	Rubbermaid Commercial Products	2541 Fire Resistant (14 qt, Black)	F	O/O	3	$0.00 Q	$0.00
4688-004 WST0035		11	Waste Can, Open Top	Rubbermaid Commercial Products	2543 Fire Resistant Beige (28 qt.)	F	O/O	3	$0.00 Q	$0.00
4688-004 WST0035		16	Waste Can, Open Top	Rubbermaid Commercial Products	2543 Fire Resistant Beige (28 qt.)	F	O/O	3	$0.00 E	$0.00
4688-042 WST0329		1	Waste Can, Open Top	Rubbermaid Commercial Products	2541 Fire Resistant (14 qt, Beige)	F	O/O	3	$0.00 E	$0.00
4690-002 WST0060		1	Waste Can, 32-40 Gallon	Rubbermaid Commercial Products	2632 BRUTE Gray w/2631 Lid & 2640 Dolly	F	O/O	3	$0.00 Q	$0.00
4920-001 WST0081		3	Waste Can, Step-On	Rubbermaid Commercial Products	6143 Beige (8 gal)	F	O/O	3	$0.00 Q	$0.00
4920-002 WST0082		1	Waste Can, Step-On	Rubbermaid Commercial Products	6145 Beige (18 gal)	F	O/O	3	$0.00 Q	$0.00
4920-002 WST0082		1	Waste Can, Step-On	Rubbermaid Commercial Products	6145 Beige (18 gal)	F	O/O	3	$0.00 E	$0.00
4923-003 MEL0003		1	Melter, Alloy, General	Radiation Products Design Inc.	878-015	F	O/O	2	$0.00 E	$0.00
5002-001 STL0217		1	Stool, Step, Stackable	Pedigo Products	P-1015	F	O/O	3	$0.00 E	$0.00
5017-004 BRM0006		1	Barometer, Digital	CNMC Company, Inc.	DB-800	F	O/O	3	$0.00 E	$0.00
5088-007 DFB0074		1	Defibrillator, Automatic, Advisory	Physio-Control Inc.	LIFEPAK CR Plus (Automatic)	F	O/O	2	$0.00 E	$0.00
5185-168 COP0313		2	Copier, Floor, Multifunction	Konica Business Machines	bizhub 222	F	O/V	2	$0.00 E	$0.00

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5185-168 COP0313		28	Copier, Floor, Multifunction	Konica Business Machines	bizhub 222	L	O/O	2	$0.00 E	$0.00
5185-168 COP0313		2	Copier, Floor, Multifunction	Konica Business Machines	bizhub 222	L	O/V	2	$0.00 E	$0.00
5225-070 COP0327		2	Copier, Counter Top, Multifunction	Konica Business Machines	bizhub C35	F	O/V	2	$0.00 E	$0.00
5225-070 COP0327		2	Copier, Counter Top, Multifunction	Konica Business Machines	bizhub C35	L	O/O	2	$0.00 E	$0.00
5225-070 COP0327		1	Copier, Counter Top, Multifunction	Konica Business Machines	bizhub C35	L	O/V	2	$0.00 E	$0.00
5473-005 BIN0029	**C141598**	6	Bin, Shredding, Secure	Iron Mountain	Secure Shredding Bin	L	O/O	2	$0.00 E	$0.00
5473-006 BIN0030	**C141596**	5	Bin, Shredding, Secure	Iron Mountain	Security Console	L	O/O	2	$0.00 E	$0.00
5473-006 BIN0030	**C141596**	4	Bin, Shredding, Secure	Iron Mountain	Security Console	L	O/V	3	$0.00 E	$0.00
5473-006 BIN0030		1	Bin, Shredding, Secure	Iron Mountain	Security Console	F	O/V	3	$0.00 L	$0.00
5473-007 BIN0031	**C141597**	2	Bin, Shredding, Secure	Iron Mountain	Mini Security Console	F	O/O	2	$0.00 L	$0.00
5473-007 BIN0031	**C141597**	19	Bin, Shredding, Secure	Iron Mountain	Mini Security Console	L	O/O	2	$0.00 E	$0.00
5650-015 ANR0021		1	Analyzer, Radiation, Q.A., Linear Accelerator	Sun Nuclear Corporation	rf-Daily QA 3 (Wireless)	F	O/O	2	$0.00 E	$0.00
5740-010 ULT0151		1	Ultrasound, Imaging, Vascular Access	Volcano Corp.	s5 IVUS Imaging System (Tower)	E	O/O	2	$0.00 E	$0.00
5757-006 CUT0012		1	Cutter, Styro-Foam Block	Huestis Medical	Styro Former (Power Lift LT) SF-319-3	F	O/O	2	$0.00 E	$0.00
5836-003 UTC0078		1	Cart, Utility, Polymer	InterMetro Industries Corporation	BC2030-24 (2-Shelf)	F	O/O	3	$0.00 E	$0.00
5859-000		1	Cart, Procedure, Resuscitation	InterMetro Industries Corporation	_____	E	O/V	3	$0.00 E	$0.00
5860-001 PRC0172		4	Cart, Procedure, Resuscitation, Pediatric	Armstrong Medical Industries, Inc.	Basic A-Smart Premier Broselow (PBL-PC-9)	E	O/V	3	$0.00 E	$0.00
5916-006 TIN0092		1	Table, Instrument, 72 inch	Pedigo Products	SG-97-SS (72x24)	E	O/O	3	$0.00 E	$0.00
6001-000		1	Laser, Surgical, Holmium	Unspecified	_____	E	O/V	2	$0.00 E	$0.00

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6133-004 ANA0420		1	Analyzer, Lab, Urinalysis, Semi-Automated	Roche Diagnostics Corporation	Criterion II	L	O/O	2	$0.00 E	$0.00
6260-012 MAY0011		1	Stand, Mayo, Foot-Operated	Pedigo Products	P-1066-SS	E	O/O	3	$0.00 E	$0.00
6338-008 CTK0061		1	Cart / Truck, Soiled Utility	Rubbermaid Commercial Products	1011 Tilt Truck (3/4 cu yd/ 600 lb. capacity)	F	O/O	3	$0.00 E	$0.00
6451-002 MED0109		23	Dispenser, Medication, Lock Module	CareFusion - Pyxis	Remote Manager	L	O/V	2	$0.00 E	$0.00
6643-003 MNR0054		2	Pump, Infusion, Controller, Modular	CareFusion - Alaris	Alaris PC Unit (8015)	E	O/O	3	$0.00 E	$0.00
6861-002 OPH0125		2	Oto/Ophthalmoscope Set, w/ Mobile Stand	Welch Allyn, Inc.	Green Series 777 [77710-71M w/Stand]	F	O/O	2	$0.00 E	$0.00
7254-002 HDL0049		2	Headlight, Solid State	Welch Allyn, Inc.	46070 Portable Headlight	F	O/O	3	$0.00 E	$0.00
7559-002 PRS0054	**5777-010**	3	Processor, Credit Card, Wireless	First Data Corporation	FD100ti (with WIFI)	L	O/O	3	$0.00 E	$0.00
7773-001 NAV0023		1	Navigation System, Surgical, Robotic	Intuitive Surgical, Inc.	da Vinci S HD	E	O/V	2	$0.00 E	$0.00
8899-001 WMR0090	**4658-021**	2	Warmer, Fluid, Portable	Arizant / 3M Healthcare	Ranger Irrigation Fluid Warming System	L	O/O	2	$0.00 E	$0.00
C-015442		2	COFFEE MAKER	Unknown	Obtained by Facility	F	O/V	2	$0.00 E	$0.00
C-015442	**BDL099**	41	COFFEE MAKER	Unknown	Obtained by Facility	L	O/V	2	$0.00 E	$0.00
C-055415	**BDL098**	1	WARMER, CONTRAST MEDIA	Merry X-Ray Corp - SourceOne	406387	E	O/O	3	$0.00 E	$0.00
C-055495		2	Stand, Suction Canister	Owens & Minor	LOCAL VENDOR	N	O/O	3	$0.00 E	$0.00
C-055495	**BDL373**	23	Stand, Suction Canister	Owens & Minor	LOCAL VENDOR	N	O/O	3	$0.00 E	$0.00
C-055511		1	Stand, Mayo, Foot-Operated, Medium	Kerma Medical	4956P1066SS	F	O/O	3	$0.00 E	$0.00
C-055512		1	Cart, Housekeeping w/Mop Bucket, Wringer, and Lockbox	Rubbermaid Commercial Products	6173w/7570,6127, 6181	F	O/V	3	$0.00 E	$0.00
C-055556	**BDL404**	4	SHELVING, WIRE, CHROME, 18x36x80	Storage Systems Unlimited, Inc.	M1836CG47	E	O/V	3	$0.00 E	$0.00

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C-055587	**BDL054**	1	Stand, I.V., S/S, 4 Hook, 5 Leg	Kerma Medical	4956P15764	E	O/O	3	$0.00 E	$0.00
C-055635	**BDL378**	1	PHACOEMULSIFIER, OPHTHALMIC	Alcon Surgical (See Alcon Labs)	LEGACY 20000	L	O/O	3	$0.00 E	$0.00
C-093086		1	Allowance, Hood Certification	TBD	TBD	N	O/V	2	$0.00 E	$0.00
C-097238		1	IceMaker, Electronic	GE Appliances	IM4A	F	O/O	2	$0.00 E	$0.00
C-106707		1	Allowance, Surgical Instruments	Specialty Surgical Instrumentation	Budget	F	O/O	2	$0.00 Q	$0.00
C-109420		41	PACS, Monitor, 1 Panel	Carestream Health, Inc	MX workstation	L	O/V	2	$0.00 E	$0.00
C-109511		1	Light, Exam, X-Ray Rail System	GE Healthcare - Imaging Systems	See Vendor Drawings	E	O/V	2	$0.00 E	$0.00
C-109511		5	Light, Exam, X-Ray Rail System	GE Healthcare - Imaging Systems	See Vendor Drawings	N	O/V	2	$0.00 E	$0.00
C-112823		2	Allowance, Shelving, Bulk	Storage Systems Unilimited	TBD	N	O/V	2	$0.00 E	$0.00
C-112825		1	Allowance, Enclosure, Wire Mesh, Lockable	Storage Systems Unilimited	TBD	N	C/C	2	$0.00 E	$0.00
C-112828		1	Allowance, Shelving, Solid Steel, General Store	Storage Systems Unilimited	18" Depth	N	O/V	2	$0.00 E	$0.00
C-112842		1	Water Purification System, RO / DI	TBD	Engineer Specified / Contractor Provided / Installed	N	C/C	2	$0.00 E	$0.00
C-112894		1	PACS, Cardiac Archive System	Epiphany	TBD	N	O/V	2	$0.00 E	$0.00
C-114669		1	Stool, Step	Kerma Medical	TBD	F	O/O	2	$0.00 E	$0.00
C-118419		267	Cable, Patient bed to Nurse Call	Stryker Medical	TBD - Coordinate with TeleComm Planner	N	O/O	2	$0.00 E	$0.00
C-144442		1	Waste Can, Swing Top	Tough Guy	4PGU8/4PGU1 (23 Gallon), Gray	F	O/O	3	$0.00 E	$0.00
C-184849		25	Waste, Pharmacy, Blue	Stericycle	8 Gallon	L	O/V	3	$0.00 E	$0.00
C-184850		25	Waste, Pharmacy, Black	Stericycle	8 Gallon	L	O/V	3	$0.00 E	$0.00

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C-199112		2	Monitor, Physiological, Vital Signs	Mindray North America	Accutorr V	F	O/O	2	$0.00 E	$0.00
C-200399		24	Counter, Surgery Spunges	SurgiCount	Surgicounter	L	O/O	2	$0.00 E	$0.00
C-202404		1	Frame, Base, Universal	Siemens Medical Imaging	04506437	F	O/O	2	$0.00 E	$0.00
C-209134		1	Allowance, Physicist Equipment	TBD	TBD	F	O/O	2	$0.00 E	$0.00
C-210486		1	Computer Workstation, Data Mgt, Oncology	Varian Medical Systems - Oncology Systems	ARIA	F	O/V	2	$0.00 E	$0.00
C-218494		1	Nasopharyngoscope, Flexible	Optim, LLC	NasoView LED	F	O/O	2	$0.00 E	$0.00
C-224836		1	Refrigerator, Domestic, with Freezer	GE Appliances	GTH16DBERWW	F	O/C	2	$0.00 E	$0.00
C-225108		1	Cart, Mobile, 5 Shelves	Quantum Medical	M2448C47-5	F	O/V	3	$0.00 E	$0.00
C-226031		1	Cart, Supply 24x36x69	Quantum Medical (formerly Quantum Storage Systems)	M2488C46E	F	O/O	2	$0.00 E	$0.00
C-226053		4	Shelving, Wire, Chrome, 48"	Quantum Medical (formerly Quantum Storage Systems)	WR-74-2448C	F	O/O	2	$0.00 E	$0.00
C-227100	ADT950P-AT437NZ	1	Kitchen Design and Equipment	TBD	Unspecified	N	C/C	3	$0.00 E	$0.00
C-227108		22	Cable, Patient bed to Nurse Call	Hill-Rom - Bed & Stretcher Group	Unspecified	N	O/O	2	$0.00 E	$0.00
C-231658		2	Allowance, Physicist Survey, Mammo	TBD	TBD	N	O/V	2	$0.00 E	$0.00
C-231674		1	Geometric Phantom Package	CNMC Company, Inc.	ISIS QA-1	F	O/O	2	$0.00 E	$0.00
									Sub Total :	**$43,440,256.91**
									Grand Total :	**$43,440,256.91**

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4751-000		7	X-Ray Unit, Interventional, Cardiac (Single Plane)	GE Healthcare - Imaging Systems		N	O/V	1	$1,500,000.00 E	$10,500,000.00
C-039461		3	X-Ray System, Angio, Digital	GE Healthcare - Imaging Systems	TBD	N	O/V	1	$1,500,000.00 E	$4,500,000.00
6556-000		3	CT Scanner, Multi-Slice, 64-320 Slice	GE Healthcare - Imaging Systems		N	O/V	1	$800,000.00 E	$2,400,000.00
5090-034 PET0091		1	PET Scanner, CT	GE Healthcare - Imaging Systems	Discovery PET/CT 610 (16 Slice)	N	O/V	1	$1,750,000.00 E	$1,750,000.00
C-039463		1	X, Ray System, Cath Lab, Digital	GE Healthcare - Imaging Systems	TBD	N	O/V	1	$1,500,000.00 E	$1,500,000.00
4922-000		4	X-Ray Unit, General Radiography, Digital	GE Healthcare - Imaging Systems		N	O/V	1	$350,000.00 E	$1,400,000.00
C-227092		23	UPS System	GE Healthcare - Imaging Systems	Unspecified	N	O/V	1	$60,000.00 E	$1,380,000.00
7036-004 ISY0004		21	Integration System, Surgical, Allowance	STERIS Corporation	Harmony IQ	N	O/V	1	$50,000.00 E	$1,050,000.00
5247-000		2	X-Ray Unit, Rad/Fluoro, Digital	GE Healthcare - Imaging Systems		N	O/V	1	$450,000.00 E	$900,000.00
6401-009 BOM0023		21	Boom, Equipment, Single Arm	STERIS Corporation	Harmony EMS Supply	N	O/V	1	$32,000.00 E	$672,000.00
C-055575	**BDL465**	21	Light, Surgical, Dual, W/Flat Panel Monitor Arm	STERIS Corporation	Harmony LA Dual 500 lights	N	O/V	1	$26,812.80 E	$563,068.80
6479-019 STE0116		5	Sterilizer, Steam, Recessed	STERIS Corporation	Century Prevac 26x37x48 1dr (LH hinge) 480V	N	O/V	1	$77,000.00 E	$385,000.00
6144-001 IMS0007		1	Imaging System, Digital, Urological	Mallinckrodt Pharmaceuticals	Liebel-Flarsheim Hydra Vision Plus DR 64kW	N	O/V	1	$375,000.00 E	$375,000.00
6478-065 STE0404		11	Sterilizer, Steam, Cabinet	STERIS Corporation	Amsco 400 16x16x26 Prevac Cabinet	N	O/C	1	$30,000.00 E	$330,000.00
5047-009 LIG0203		22	Light, Exam/Procedure, Dual, Ceiling, Recessed	Skytron	Argos II Dual	N	O/V	1	$12,950.00 E	$284,900.00
5241-076 WSR0252		2	Washer / Disinfector, Steam	STERIS Corporation	AMSCO 3052 Single Chamber 480V Non-Vented	N	O/O	1	$120,000.00 E	$240,000.00
6245-050 WSR0212		1	Washer / Disinfector, Cart, Pass-Thru, Pit Mounted	STERIS Corporation	Vision 1327 (208V)	N	O/C	1	$165,000.00 E	$165,000.00

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6364-053 GLV0132		483	Dispenser, Glove, Triple Box	Medline Industries Inc.	MDS193096B	N	O/C	1	$331.00 E	$159,873.00
5046-104 LTS0446		14	Light, Surgical, Single, Ceiling	STERIS Corporation	Harmony vLED	N	O/V	1	$11,000.00 E	$154,000.00
3909-006 INJ0023		4	Injector, Contrast Media, Ceiling Mount	Medrad Inc	Stellant DX w/OCS Ceiling Mount	N	O/C	1	$35,000.00 E	$140,000.00
4335-010 SNK0042		24	Sink, Scrub, 2-Bay, Stainless Steel	STERIS Corporation	Flexmatic w/o Timer [CE12]	N	O/V	1	$5,250.00 E	$126,000.00
7177-007 DCT0015		2	Detector, Ferromagnetic, MRI	Metrasens	Ferroguard Wall Mount Entryway ISD	N	O/O	1	$40,000.00 E	$80,000.00
7558-012 CST0254		31	Cabinet, Storage, Clinical, Catheter	InnerSpace - Datel	3100CC	N	O/V	1	$2,515.00 E	$77,965.00
7232-016 LFT0050		8	Lift, Patient, Ceiling, 1-Bed, Bariatric	ArjoHuntleigh	Maxi Sky 1000 (Linear Track)	N	O/C	1	$9,000.00 L	$72,000.00
4817-026 ICE0074		19	Ice Machine, Dispenser, Nugget, Countertop	Follett Corporation	Symphony 25CI400A-S	N	O/C	1	$3,784.00 E	$71,896.00
C-106696		1	Allowance, Casework, Pharmacy, Modular	TBD	TBD	N	O/V	1	$65,000.00 E	$65,000.00
4682-030 WSR0151		2	Washer / Disinfector, Endoscope	Olympus America Inc - Endoscope Div.	OER-PRO	N	O/C	1	$29,950.00 E	$59,900.00
C-227114	C-215322	1	Light, Surgical, Single, Ceiling, w/Dual Monitor Arms	STERIS Corporation	vLED Dual monitor arms	N	O/V	1	$55,000.00 E	$55,000.00
6478-001 STE0057		1	Sterilizer, Steam, Cabinet	STERIS Corporation	Century Prevac 16x16x26 [FS12]	N	O/C	1	$54,398.00 L	$54,398.00
3446-001 BRK0061		95	Bracket, Monitor, Wall	GCX Corporation	19" Seismic Wall Channel (Channel Only)	N	O/C	1	$545.00 E	$51,775.00
C-227093	C-215293	84	Bin, Storage, Wall Mounted	Storage Systems Unlimited, Inc.	36x61 Louvered Panel w/Standard Bins	N	O/C	1	$586.58 E	$49,272.72
C-227102		306	Board, Patient Information	Chameleon	24 x 36	N	O/C	1	$150.00 E	$45,900.00
4561-015 UCL0041		1	Ultrasonic Cleaner, Floor	STERIS Corporation	Caviwave (20 gal/208V)	N	O/C	1	$42,320.00 E	$42,320.00
3495-007 CST0367		116	Dispenser, Personal Protection, Wall Mount	TIDI Products	P2 ICU Isolation Station 8468	N	O/O	1	$341.00 E	$39,556.00

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3979-099 LTS0079		2	Light, Surgical, Dual, Ceiling	STERIS Corporation	Harmony LED585/585	N	O/V	1	$19,000.00 E	$38,000.00
3960-039 LIG0093		17	Light, Exam/Procedure, Single, Ceiling	STERIS Corporation	Amsco Examiner 10 (w/Extension Arm)	N	O/V	1	$1,885.00 E	$32,045.00
7226-005 BOM0144		2	Boom, Perfusion	STERIS Corporation	Harmony CS DF70 w/Supply Head - Perfusion Setup	N	O/V	1	$15,000.00 E	$30,000.00
4669-008 WSH0008		1	Washer / Disinfector, Pasteurization	Natus Medical - Olympic	Pasteurmatic 3000	N	O/C	1	$25,000.00 E	$25,000.00
C-227099		2	MRI Rigging Allowance	GE Healthcare - Imaging Systems	Unspecified	N	O/V	1	$9,000.00 E	$18,000.00
4609-023 VBX0070		33	Viewbox, 2 Panel, Recessed	Maxant Technologies Inc.	Techline 400 Series TR402	N	O/C	1	$541.00 E	$17,853.00
8794-012 IDS0001		18	Diagnostic System, Integrated	Welch Allyn, Inc.	Green Series 777 [77792-M]	N	O/C	1	$903.91 E	$16,270.38
3857-003 HOD0038		1	Hood, Radioisotope, Benchtop	Biodex Medical Systems, Inc.	244-007 Preparation Enclosure	N	O/C	1	$15,250.00 E	$15,250.00
5485-013 THM0052		48	Thermometer, Digital, Wall Mount	Covidien - Kendall Products	FILAC 3000 AD (Oral/Axillary)	N	O/O	1	$247.00 E	$11,856.00
4091-039 OPH0128		9	Oto/Ophthalmoscope Set, Wall Mount	Welch Allyn, Inc.	Green Series 777 [77510/11710/25020]	N	O/O	1	$1,073.00 L	$9,657.00
6502-006 MRG0008		1	Refrigerator, Morgue, 02 Body	CSI Jewett Morgue & Autopsy	2SC (Side Opening)	N	O/C	1	$9,605.00 E	$9,605.00
C-227101	C-217365	9	Oto/Ophthalmoscope Set, Wall Mount, w/Sphyg	Welch Allyn, Inc.	Green Series 777 [77798]	N	O/C	1	$903.91 E	$8,135.19
3489-014 CST0264		3	Cabinet, Storage, Clinical, Endoscope	InnerSpace - Datel	4800AA (8 Scope)	N	O/C	1	$2,500.00 E	$7,500.00
6559-002 WTR0038		1	Water Treatment System, RO, Wall Mount	Millipore Corp Laboratory And Healthcare	AFS-8D Analyzer Feed System	N	O/O	1	$6,930.00 E	$6,930.00
4346-001 SPH0004		43	Sphygmomanometer, Aneroid, Wall Mount	Welch Allyn, Inc.	767 Wall w/Adult Cuff	N	O/C	1	$150.00 E	$6,450.00
4187-026 RCK0025		23	Rack, Apron, Wall Mount	Bar-Ray Products, Inc.	66690 (5-arm, Right Folding)	N	O/C	1	$279.00 E	$6,417.00
5873-015 BRD0038		29	Board, White, Dry Erase	Quartet GBC / ACCO Brands	Aluminium Frame (72w x 48h)	N	O/C	1	$206.00 E	$5,974.00
4303-012 SHL0551		24	Shelving, Wire, Wall, Single	LogiQuip LLC	1WA1430CH (30" x 14")	N	O/V	1	$229.00 E	$5,496.00
6985-108 CST0888	C217308	2	Cabinet, Storage, Clinical, Supply/Accessory	Hologic Inc. - Women's Health	Accessories Cabinet MME-00147	N	O/C	1	$2,450.00 E	$4,900.00

Community Health System (CHS)

CHS14 - Physicians Regional Medical Replacement (Rev 1, 6/25/14)

Item Summary

* = Options/Accessories = Contract

ID# CAD ID	Alt ID Item ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext. Cost
4602-011 VBX0012		17	Viewbox, 1 Panel, Recessed	Maxant Technologies Inc.	Techline 400 Series, TR401	N	O/C	1	$268.00 E	$4,556.00
4511-003 TNK0003		1	Tank, Hydrotherapy, Extremity, Stationary	Ferno Performance Pools	500 (Arms)	N	O/O	1	$4,161.00 E	$4,161.00
5705-002 CCH0002		24	Carrier, Chair, Scrub Sink	STERIS Corporation	Double Bay [CE00]	N	O/C	1	$172.19 E	$4,132.56
3864-005 HOD0084		3	Hood, Chemical Soak Station, Wall	PCI Medical, Inc.	GUS G14T-3	N	O/C	1	$1,255.00 E	$3,765.00
5039-003 BIN0013		22	Bjn, Storage, Wall Mounted	MarketLab Inc.	Snap-n-Store (18-Bin)	N	O/C	1	$163.00 E	$3,586.00
6254-006 PTH0005		1	Pass-thru, Window Assembly	STERIS Corporation	444 Rack Return Passthrough [FD241]	N	O/V	1	$3,300.00 E	$3,300.00
4187-023 RCK0022		9	Rack, Apron, Wall Mount	Merry X-Ray Corp - SourceOne	Folding BR66690	N	O/C	1	$271.00 E	$2,439.00
5873-008 BRD0031		19	Board, White, Dry Erase	Quartet GBC / ACCO Brands	Aluminum Frame (48w x 36h)	N	O/C	1	$102.00 E	$1,938.00
6081-001 BRD0054		19	Board, Bulletin	Quartet GBC / ACCO Brands	Cork Board, Aluminium Frame (48w x 36h)	N	O/C	1	$97.00 E	$1,843.00
7253-002 PMP0071		1	Pump, Flushing, Endoscope	Medivators Inc.	Scope Buddy	N	O/C	1	$1,803.00 E	$1,803.00
6364-053 GLV0132		50	Dispenser, Glove, Triple Box	Medline Industries Inc.	MDS193096B	N	O/C	1	$33.10 E	$1,655.00
5446-026 SAF0076		2	Safe, Depository	Sentry Group	DH-134E	N	O/O	1	$680.00 E	$1,360.00
4198-007 RCK0115		22	Rack, Mops / Brooms	Rubbermaid Commercial Products	1993 Closet Organizer/Tool Holder (34 in.)	N	O/C	1	$56.00 E	$1,232.00
4609-023 VBX0070		2	Viewbox, 2 Panel, Recessed	Maxant Technologies Inc.	Techline 400 Series TR402	N	O/C	1	$541.00 L	$1,082.00
4612-006 VBX0117		1	Viewbox, 2/2 Panel, Surface	Maxant Technologies Inc.	Techline 300 Series TS322	N	O/C	1	$1,018.00 E	$1,018.00
5202-021 DSH0167		1	Dishwasher, Built-In	GE Appliances	Energy Star Profile PDWT300RBB (Black)	N	O/C	1	$949.00 E	$949.00
C-227110	C-220810	2	Alarm, Monitor, Temperature, Remote	Thermo Fisher Scientific	5612-1A	N	O/V	1	$411.80 E	$823.60
3959-034 LIG0048		1	Light, Exam/Procedure, Single, Wall Mounted	Philips Burton	Super Bright Spot	N	O/C	1	$682.00 E	$682.00

Community Health System (CHS)
CHS14 - Physicians Regional Medical Replacement (Rev 1, 6/25/14)
Item Summary

* = Options/Accessories = Contract

ID# CAD ID	Alt ID Item ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext. Cost
4208-022 RNG0034		1	Range, Electric	GE Appliances	Free Standing JBP15DMWW (30in/White/ADA)	N	O/C	1	$669.00 E	$669.00
3753-039 DRY0105		1	Dryer, Laundry, Domestic	GE Appliances	Profile PTDN600EMWT (Titanium/White)	N	O/O	1	$599.00 E	$599.00
4673-053 WSH0230		1	Washer, Clothes	GE Appliances	PermaTuf GTWP1000MWW (3.4 cu ft/White)	N	O/O	1	$379.00 E	$379.00
C-055488	**BDL370**	1	DISHWASHER, UNDERCOUNTER	GE Appliances	GSD3220ZBB	N	O/C	1	$350.00 E	$350.00
C-055446	**BDL154**	1	Board, White, Dry Erase	Quartet GBC / ACCO Brands	QRT25480 (48" x 96")	N	O/C	1	$346.00 E	$346.00
6081-009 BRD0062		1	Board, Bulletin	Quartet GBC / ACCO Brands	Cork Board, Aluminium Frame (72w x 48h)	N	O/C	1	$140.73 E	$140.73
6994-000		1	Board, Bulletin/Marker Combo	Quartet GBC / ACCO Brands	_____	N	O/C	1	$112.00 E	$112.00
4198-007 RCK0115		2	Rack, Mops / Brooms	Rubbermaid Commercial Products	1993 Closet Organizer/Tool Holder (34 in.)	N	O/C	1	$33.52 E	$67.04
3714-004 DSP0003		24	Dispenser, Cleaning Solution	3M Health Care	Twist n Fill	L	O/C	1	$0.00 E	$0.00
3723-034 DIS0289		5	Disposal, Sharps, Wall Mount	Stericycle	Bio Systems C-02RES-0203 w/ Cabinet	F	O/C	1	$0.00 L	$0.00
3934-017 LAS0118		1	Laser, Patient Alignment System	LAP of America, L. C.	Apollo Red Laser System	F	O/O	1	$0.00 E	$0.00
4187-047 RCK0157		1	Rack, Apron, Wall Mount	Techno-Aide	ARP-02 - 2 Peg	F	O/O	1	$0.00 E	$0.00
4198-007 RCK0115		1	Rack, Mops / Brooms	Rubbermaid Commercial Products	1993 Closet Organizer/Tool Holder (34 in.)	F	O/C	1	$0.00 E	$0.00
4303-009 SHL0797		1	Shelving, Wire, Wall, Single	Eagle MHC	GWB1836C Chrome (36"x18")	F	O/C	1	$0.00 E	$0.00
4751-000		1	X-Ray Unit, Interventional, Cardiac (Single Plane)	GE Healthcare - Imaging Systems	_____	E	O/V	1	$0.00 E	$0.00
5485-010 THM0040		1	Thermometer, Digital, Wall Mount	Welch Allyn, Inc.	SureTemp Plus 692 (Oral)	F	O/C	1	$0.00 E	$0.00
5485-013 THM0052		1	Thermometer, Digital, Wall Mount	Covidien - Kendall Products	FILAC 3000 AD (Oral/Axillary)	F	O/O	1	$0.00 E	$0.00

Community Health System (CHS)

CHS14 - Physicians Regional Medical Replacement (Rev 1, 6/25/14)

Item Summary

* = Options/Accessories = Contract

ID# CAD ID	Alt ID Item ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext. Cost
5873-004 BRD0028		5	Board, White, Dry Erase	Quartet GBC / ACCO Brands	Oak Frame (48w x 36h)	F	O/C	1	$0.00 E	$0.00
5873-008 BRD0031		1	Board, White, Dry Erase	Quartet GBC / ACCO Brands	Aluminum Frame (48w x 36h)	F	O/C	1	$0.00 E	$0.00
6081-001 BRD0054		1	Board, Bulletin	Quartet GBC / ACCO Brands	Cork Board, Aluminium Frame (48w x 36h)	F	O/C	1	$0.00 E	$0.00
6081-009 BRD0062		1	Board, Bulletin	Quartet GBC / ACCO Brands	Cork Board, Aluminium Frame (72w x 48h)	F	O/C	1	$0.00 E	$0.00
6364-048 GLV0125		9	Dispenser, Glove, Triple Box	Medline Industries Inc.	MDS193094 White Wire	F	O/C	1	$0.00 Q	$0.00
7347-002 CST0531		1	Cabinet, Storage, Clinical, Defibrillator	Philips Healthcare - Cardiology	Basic Surface Mounted	F	O/O	1	$0.00 E	$0.00
7508-006 CTX0109		1	CT Scanner, Multi-Slice, Oncology	GE Healthcare - Imaging Systems	Optima CT580 RT	F	O/V	1	$0.00 E	$0.00
7558-012 CST0254		3	Cabinet, Storage, Clinical, Catheter	InnerSpace - Datel	3100CC	E	O/V	1	$0.00 E	$0.00
C-095248		1	UPS System	TBD - To Be Determined	To Be Determined	F	O/V	1	$0.00 E	$0.00
C-227092		1	UPS System	GE Healthcare - Imaging Systems	Unspecified	E	O/V	1	$0.00 E	$0.00
									Sub Total :	**$30,058,151.02**
									Grand Total :	**$30,058,151.02**

Attachment B.III.(A)

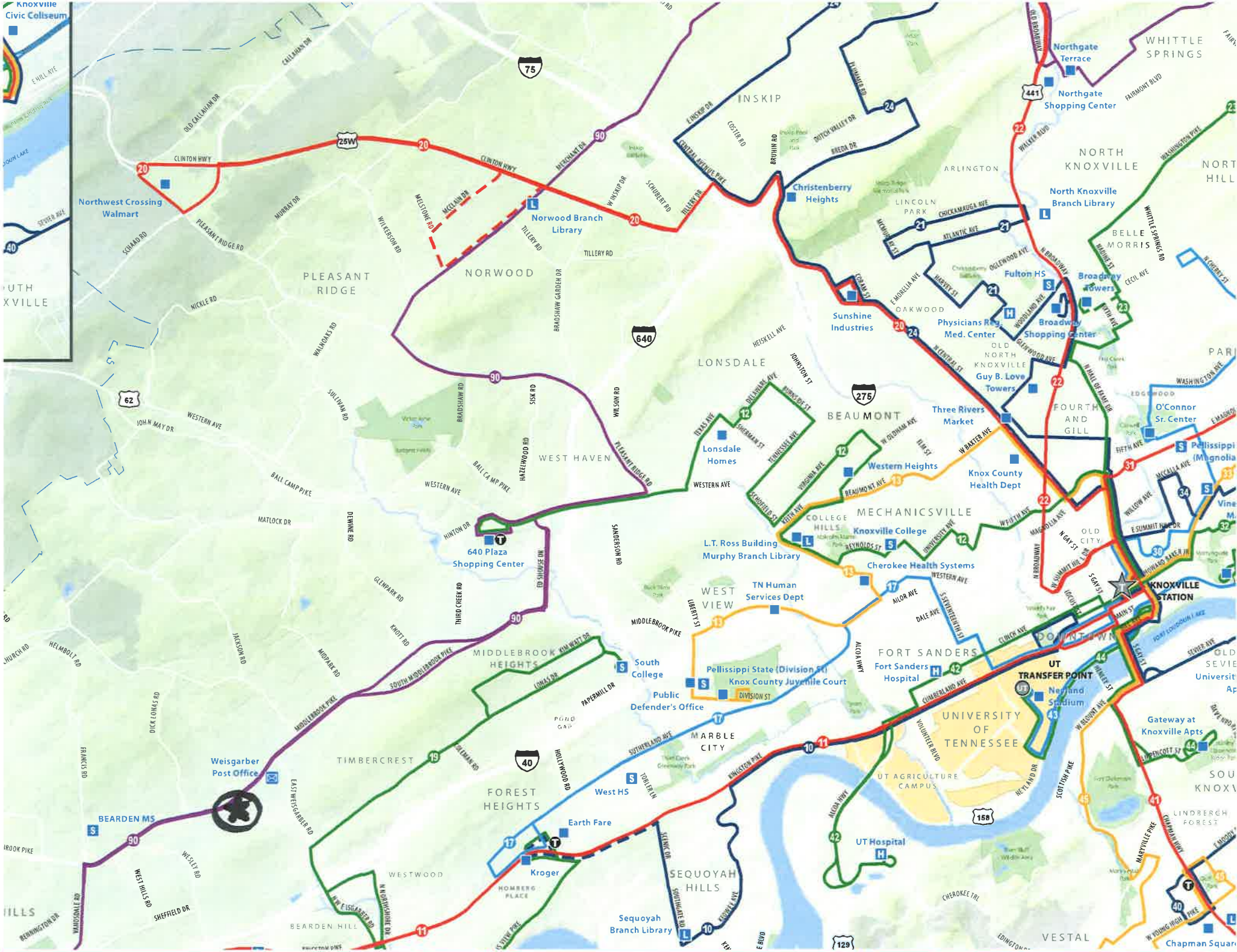
JULY 1, 2014

CONCEPT PLAN EXHIBIT
PHYSICIANS REGIONAL MEDICAL CENTER
KNOXVILLE, TN

Littlejohn

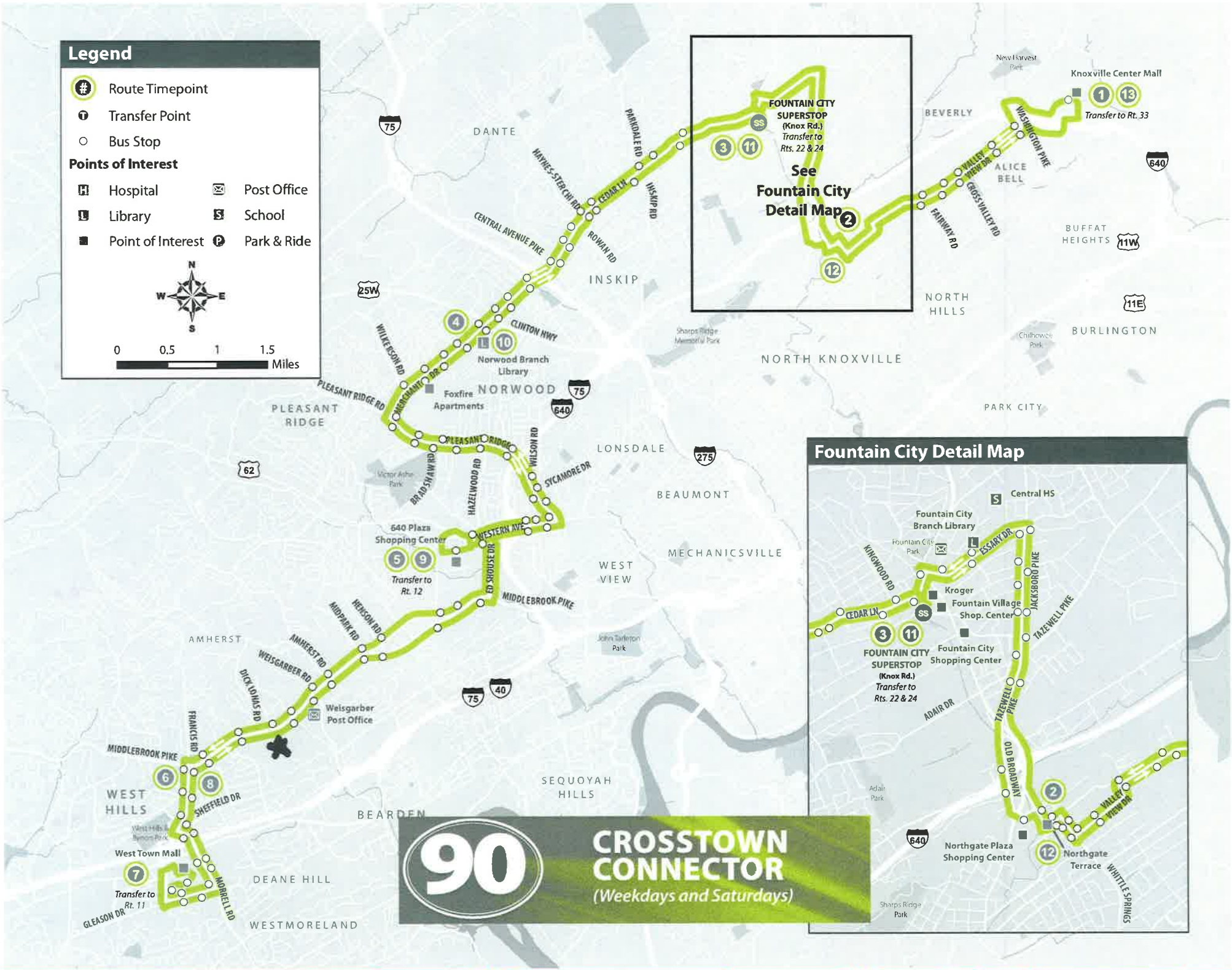
tmp

Attachment B.III.B.a



Knoxville Civic Coliseum
Northwest Crossing Walmart
Norwood Branch Library
PLEASANT RIDGE
NORWOOD
INSKIP
Christenberry Heights
Northgate Terrace
Northgate Shopping Center
WHITTLE SPRINGS
NORTH KNOXVILLE
North Knoxville Branch Library
ARLINGTON
LINCOLN PARK
BELLE MORRIS
Fulton HS
Broadway Towers
Broadway Shopping Center
Physicians Reg. Med. Center
OAKWOOD
Sunshine Industries
OLD NORTH KNOXVILLE
Guy B. Love Towers
LONSDALE
BEAUMONT
Three Rivers Market
FOURTH AND GILL
O'Connor Sr. Center
Pellissippi (Magnolia
Lonsdale Homes
Western Heights
Knox County Health Dept
WEST HAVEN
MECHANICSVILLE
COLLEGE HILLS
Knoxville College
L.T. Ross Building Murphy Branch Library
Cherokee Health Systems
640 Plaza Shopping Center
WEST VIEW
TN Human Services Dept
KNOXVILLE STATION
OLD CITY
DOWNTOWN
MIDDLEBROOK HEIGHTS
South College
Pellissippi State (Division St)
Knox County Juvenile Court
Public Defender's Office
FORT SANDERS
Fort Sanders Hospital
UT TRANSFER POINT
Neyland Stadium
UNIVERSITY OF TENNESSEE
Gateway at Knoxville Apts
MARBLE CITY
Weisgarber Post Office
TIMBERCREST
FOREST HEIGHTS
West HS
UT AGRICULTURE CAMPUS
BEARDEN MS
Earth Fare
Kroger
UT Hospital
WESTWOOD
SEQUOYAH HILLS
Sequoyah Branch Library
BEARDEN HILL
VESTAL
LINDBERGH FOREST
Chapman Square

Attachment B.III.B.b


Legend
Route Timepoint
Transfer Point
Bus Stop
Points of Interest
Hospital
Library
Point of Interest
Post Office
School
Park & Ride
N
W
E
S
0
0.5
1
1.5
Miles
90
CROSSTOWN CONNECTOR
(Weekdays and Saturdays)
FOUNTAIN CITY SUPERSTOP
(Knox Rd.)
Transfer to Rts. 22 & 24
See Fountain City Detail Map
Knoxville Center Mall
Transfer to Rt. 33
Norwood Branch Library
Foxfire Apartments
640 Plaza Shopping Center
Transfer to Rt. 12
Weisgarber Post Office
West Town Mall
Transfer to Rt. 11
DANTE
INSKIP
BEVERLY
ALICE BELL
BUFFAT HEIGHTS
NORTH HILLS
BURLINGTON
NORTH KNOXVILLE
PARK CITY
NORWOOD
PLEASANT RIDGE
LONSDALE
BEAUMONT
MECHANICSVILLE
WEST VIEW
AMHERST
SEQUOYAH HILLS
BEARDEN
WEST HILLS
DEANE HILL
WESTMORELAND
PARKDALE RD
HAYNES-STERCHI RD
CEDAR LN
INSKIP RD
CENTRAL AVENUE PIKE
ROWAN RD
CLINTON HWY
WILKESON RD
MERCHANT DR
PLEASANT RIDGE RD
PLEASANT RIDGE
WILSON RD
SYCAMORE DR
BRADSHAW RD
HAZELWOOD RD
WESTERN AVE
ED SHOUSE DR
MIDDLEBROOK PIKE
HENSON RD
MIDPARK RD
AMHERST RD
WEISGARBER RD
DICK LOHAS RD
FRANCIS RD
SHEFFIELD DR
MORRELL RD
GLEASON DR
WASHINGTON PIKE
VALLEY VIEW DR
GROSS VALLEY RD
FAIRWAY RD
Central HS
Fountain City Branch Library
Fountain City Park
KINGWOOD RD
ESSARY DR
JACKSBORO PIKE
Kroger
Fountain Village Shop. Center
Fountain City Shopping Center
TAZEWELL PIKE
ADAIR DR
OLD BROADWAY
Northgate Plaza Shopping Center
Northgate Terrace
WHITTLE SPRINGS
Adair Park
Sharps Ridge Park
Victor Ashe Park
John Tarleton Park
Chilhowee Park
New Harvest Park
Sharps Ridge Memorial Park

90 CROSSTOWN CONNECTOR

(Weekdays and Saturdays)

SERVES:

- 640 Plaza
- Knoxville Center Mall
- Knox Road/Kroger
- Northgate Shopping Center
- Northgate Terrace
- West Town Mall

kat KNOXVILLE AREA TRANSIT

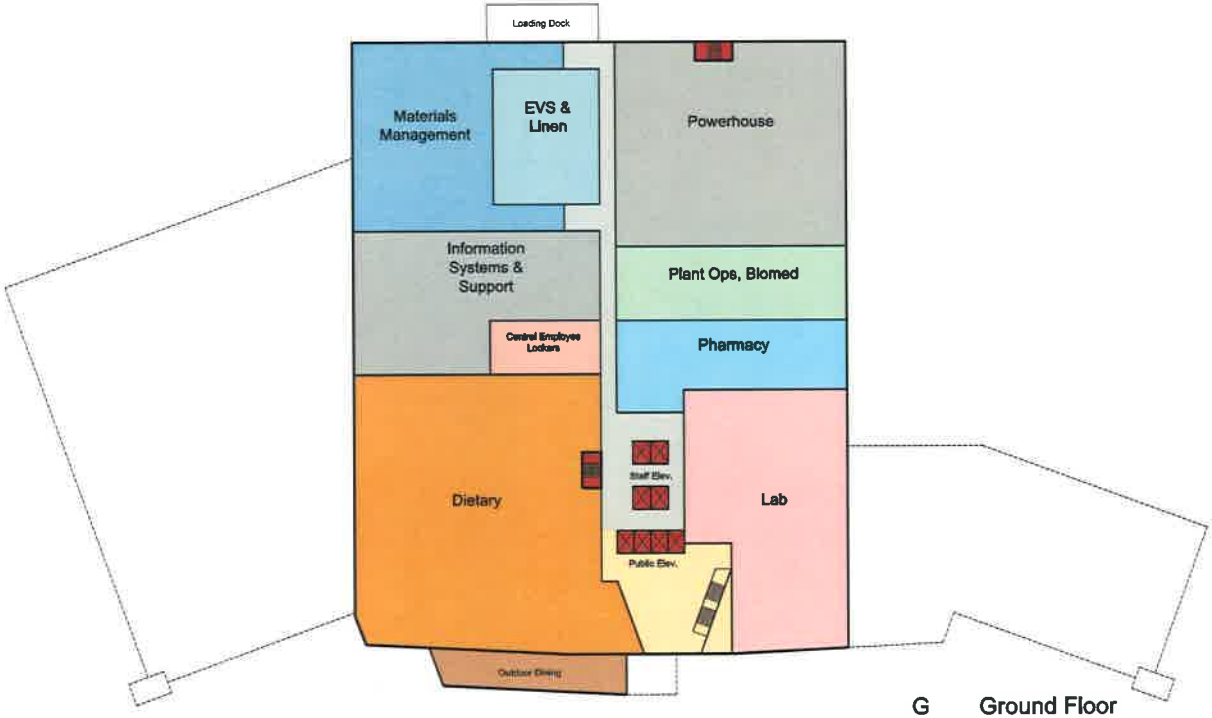
Ride for Change

Information Updated: June 3, 2013

	Going toward West Town Mall									Going toward Knoxville Center Mall								
	Transfer to:		Rts. 22 & 24			Rt. 12			Rt. 11			Rt. 12			Rts. 22 & 24			Rt. 33
	Knoxville Center Mall	Northgate Terrace	Fountain City Superstop (Arrives) (Leaves)	Merchants at Expo Center	I-640 Plaza (Arrives) (Leaves)		Vanosdale at Middlebrook	West Town Mall (Arrives) (Leaves)			Vanosdale at Middlebrook	I-640 Plaza (Arrives) (Leaves)		Merchants at Marguerite	Fountain City Superstop (Arrives) (Leaves)		Northgate Terrace	Knoxville Center Mall
	1	2	3	4	5		6	7			8	9		10	11		12	13
WEEKDAY SCHEDULE																		
A.M.										6:01	6:06	6:20	6:22	6:37	7:00	7:05	7:11	7:25
				6:05	6:17	6:37	6:39	6:46	6:59	7:01	7:06	7:20	7:22	7:37	8:00	8:05	8:11	8:25
	6:30	6:45	7:00	7:05	7:17	7:37	7:39	7:46	7:59	8:01	8:06	8:20	8:22	8:37	9:00	9:05	9:11	9:25
	7:30	7:45	8:00	8:05	8:17	8:37	8:39	8:46	8:59	9:01	9:06	9:20	9:22	9:37	10:00	10:05	10:11	10:25
	8:30	8:45	9:00	9:05	9:17	9:37	9:39	9:46	9:59	10:01	10:06	10:20	10:22	10:37	11:00	11:05	11:11	11:25
	9:30	9:45	10:00	10:05	10:17	10:37	10:39	10:46	10:59	11:01	11:06	11:20	11:22	11:37	12:00	12:05	12:11	12:25
	10:30	10:45	11:00	11:05	11:17	11:37	11:39	11:46	11:59	12:01	12:06	12:20	12:22	12:37	1:00	1:05	1:11	1:25
	11:30	11:45	12:00	12:05	12:17	12:37	12:39	12:46	12:59	1:01	1:06	1:20	1:22	1:37	2:00	2:05	2:11	2:25
P.M.	12:30	12:45	1:00	1:05	1:17	1:37	1:39	1:46	1:59	2:01	2:06	2:20	2:22	2:37	3:00	3:05	3:11	3:25
	1:30	1:45	2:00	2:05	2:17	2:37	2:39	2:46	2:59	3:01	3:06	3:20	3:22	3:37	4:00	4:05	4:11	4:25
	2:30	2:45	3:00	3:05	3:17	3:37	3:39	3:46	3:59	4:01	4:06	4:20	4:22	4:37	5:00	5:05	5:11	5:25
	3:30	3:45	4:00	4:05	4:17	4:37	4:39	4:46	4:59	5:01	5:06	5:20	5:22	5:37	6:00	6:05	6:11	6:25
	4:30	4:45	5:00	5:05	5:17	5:37	5:39	5:46	5:59	6:01	6:06	6:20	6:22	6:37	7:00	7:05	7:11	7:25
	5:30	5:45	6:00	6:05	6:17	6:37	6:39	6:46	6:59	7:01	7:06	7:20	7:22	7:37	8:00	8:05	8:11	8:25
	6:30	6:45	7:00	7:05	7:17	7:37	7:39	7:46	7:59	*To Garage*								
	7:30	7:45	8:00	8:05	8:17	8:37	8:39	8:46	8:59	*To Garage*								
SATURDAY SCHEDULE																		
A.M.										7:31	7:39	7:59	8:04	8:14	8:30	8:35	8:41	8:55
	7:00	7:15	7:30	7:35	7:47	8:08	8:12	8:20	8:29	8:31	8:39	8:59	9:04	9:14	9:30	9:35	9:41	9:55
	8:00	8:15	8:30	8:35	8:47	9:08	9:12	9:20	9:29	9:31	9:39	9:59	10:04	10:14	10:30	10:35	10:41	10:55
	9:00	9:15	9:30	9:35	9:47	10:08	10:12	10:20	10:29	10:31	10:39	10:59	11:04	11:14	11:30	11:35	11:41	11:55
	10:00	10:15	10:30	10:35	10:47	11:08	11:12	11:20	11:29	11:31	11:39	11:59	12:04	12:14	12:30	12:35	12:41	12:55
	11:00	11:15	11:30	11:35	11:47	12:08	12:12	12:20	12:29	12:31	12:39	12:59	1:04	1:14	1:30	1:35	1:41	1:55
P.M.	12:00	12:15	12:30	12:35	12:47	1:08	1:12	1:20	1:29	1:31	1:39	1:59	2:04	2:14	2:30	2:35	2:41	2:55
	1:00	1:15	1:30	1:35	1:47	2:08	2:12	2:20	2:29	2:31	2:39	2:59	3:04	3:14	3:30	3:35	3:41	3:55
	2:00	2:15	2:30	2:35	2:47	3:08	3:12	3:20	3:29	3:31	3:39	3:59	4:04	4:14	4:30	4:35	4:41	4:55
	3:00	3:15	3:30	3:35	3:47	4:08	4:12	4:20	4:29	4:31	4:39	4:59	5:04	5:14	5:30	5:35	5:41	5:55
	4:00	4:15	4:30	4:35	4:47	5:08	5:12	5:20	5:29	5:31	5:39	5:59	6:04	6:14	6:30	6:35	6:41	6:55
	5:00	5:15	5:30	5:35	5:47	6:08	6:12	6:20	6:29	6:31	6:39	6:59	7:04	7:14	7:30	7:35	7:41	7:55
	6:00	6:15	6:30	6:35	6:47	7:08	7:12	7:20	7:29	7:31	7:39	7:59	8:04	8:14	8:30	8:35	8:41	8:55
	7:00	7:15	7:30	7:35	7:47	8:08	8:12	8:20	8:29	*To Garage*								

Need help reading this schedule?
Need other general information on how to ride?
Click here to Download the General Schedule Information pdf available from katbus.com

Attachment B.IV



G Ground Floor

tmp

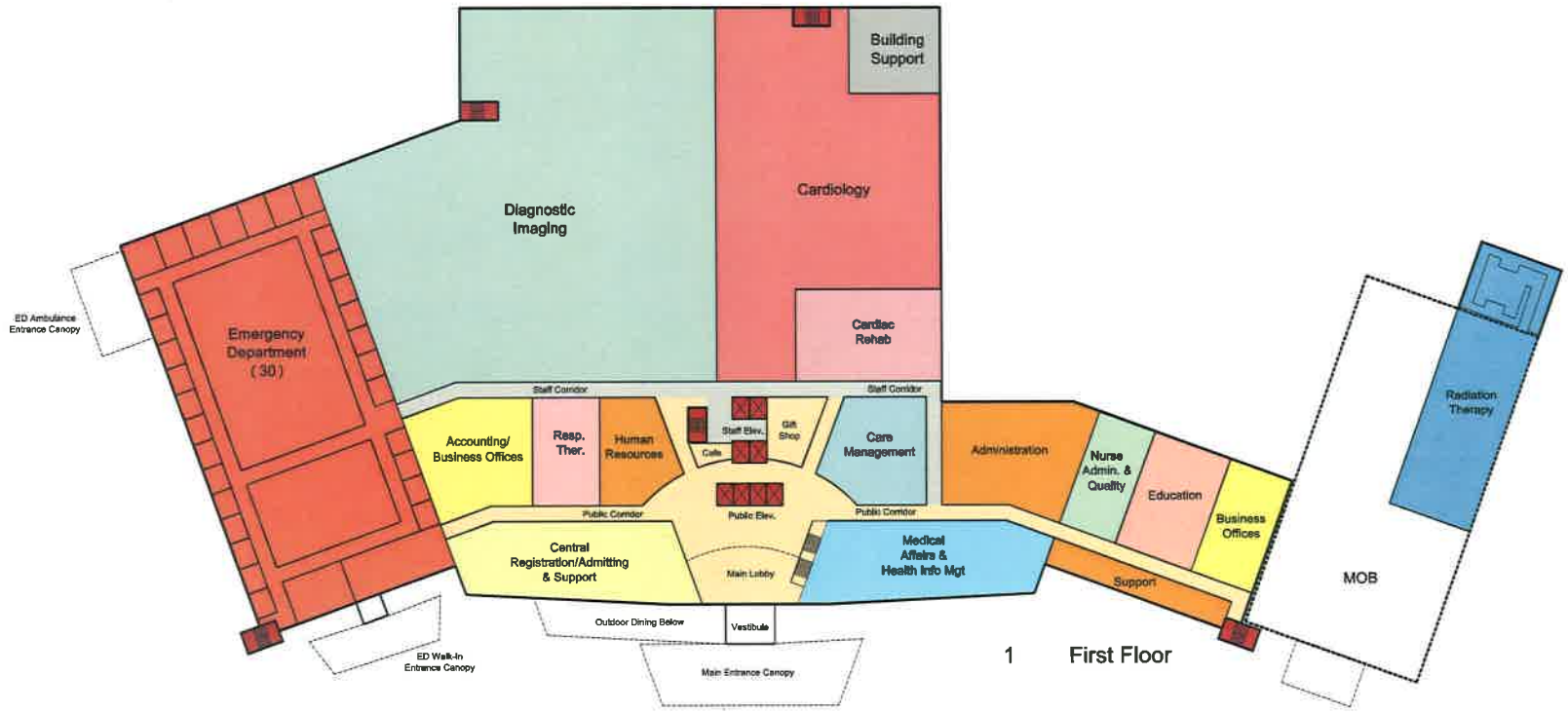
Thomas, Miller & Partners, PLLC
5210 Maryland Way
Suite 204
Brentwood, TN 37027-5063

Architecture
Interiors
Planning
Sustainable Design

Replacement Facility Planning
Physicians Regional Medical Center
Knoxville, Tennessee

PROPOSED PLAN
GROUND FLOOR

July 2, 2014



1 First Floor

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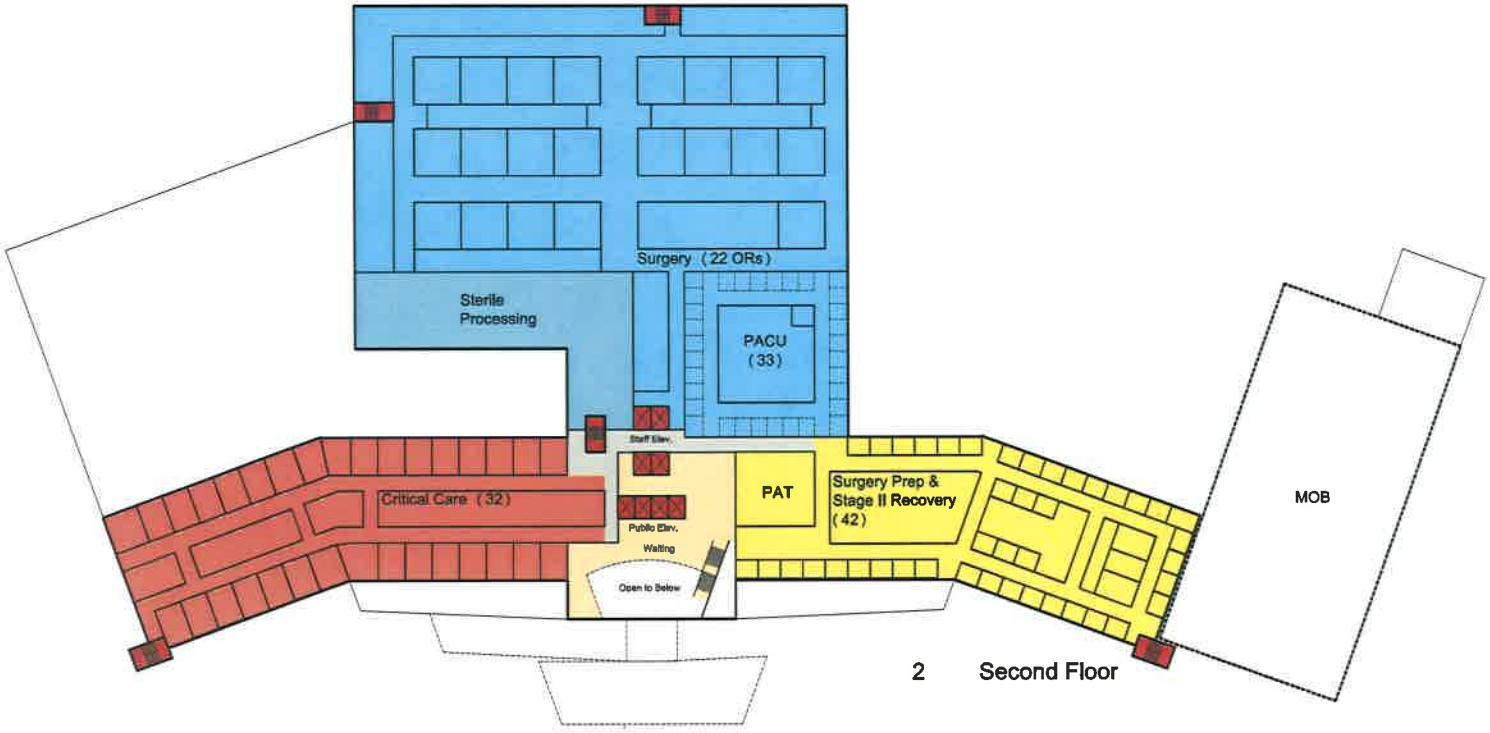
Replacement Facility Planning

Physicians Regional Medical Center

PROPOSED PLAN
FIRST FLOOR

July 2, 2014



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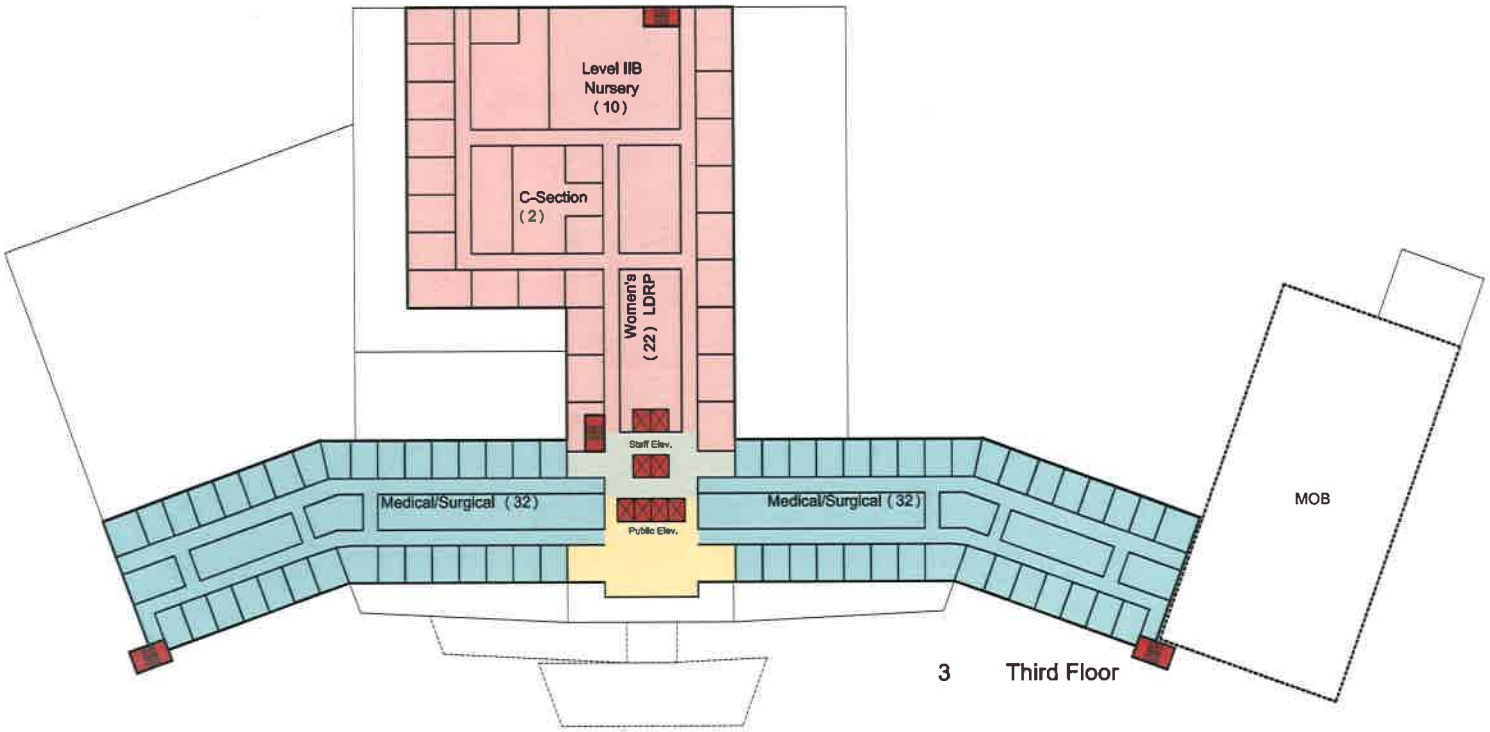
Replacement Facility Planning
Physicians Regional Medical Center
Knoxville, Tennessee

PROPOSED PLAN
SECOND FLOOR

July 2, 2014



tmp

Thomas, Miller & Partners, PLLC
5210 Maryland Way
Suite 200
Brentwood, TN 37027-5005

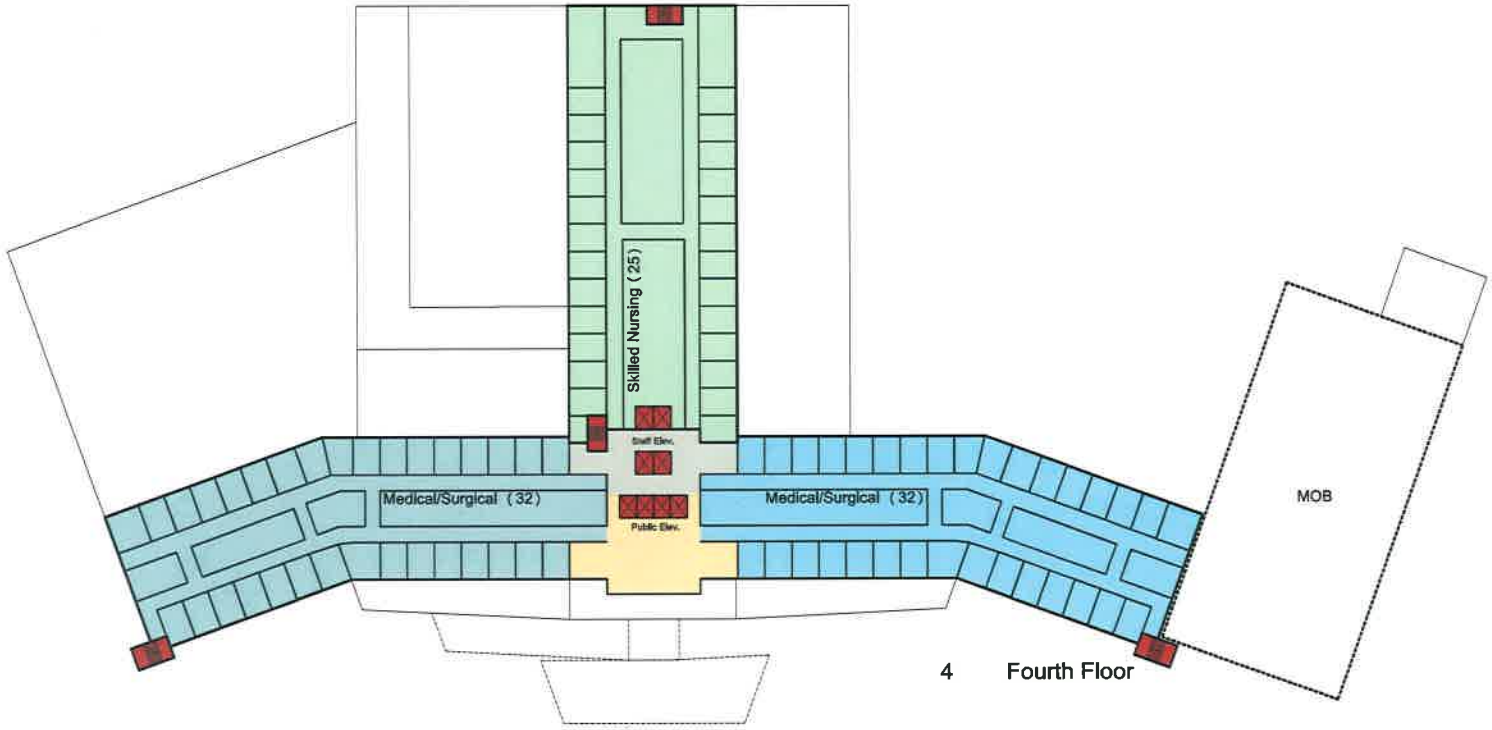
615.377.6771 Office
615.376.4147 Fax
www.TMPartners.com

Architecture
Interiors
Planning
Sustainable Design

Replacement Facility Planning
Physicians Regional Medical Center
Knoxville, Tennessee

PROPOSED PLAN
THIRD FLOOR

July 2, 2014



4 Fourth Floor

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Brentwood, TN 37027-5015

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(615) 373-6147 Fax
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Architecture
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Planning
Sustainable Design

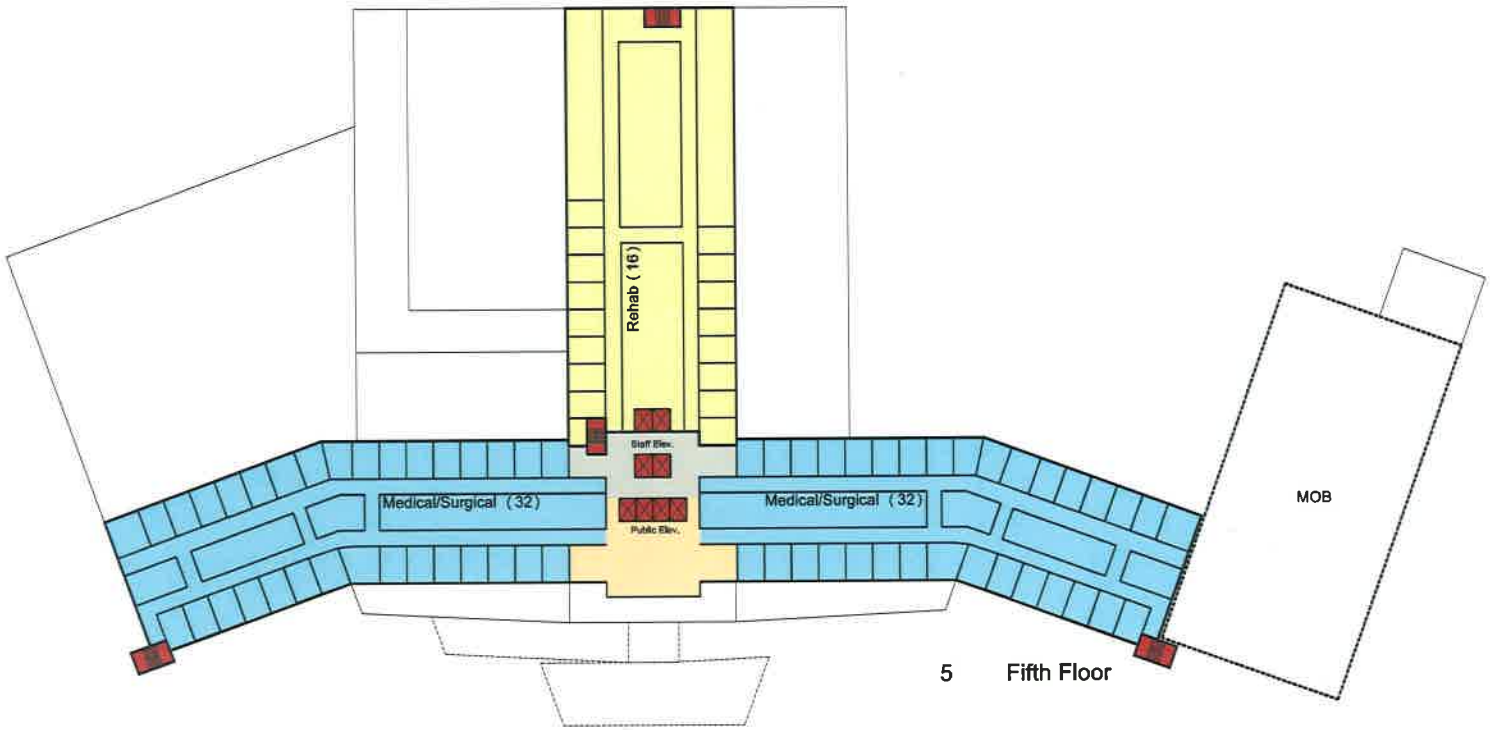
Replacement Facility Planning

Physicians Regional Medical Center

Maryville, Tennessee

PROPOSED PLAN
FOURTH FLOOR

July 2, 2014



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Thomas, Miller & Partners, P.S.C.
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Brentwood, TN 37027-5018

Architecture
Interiors
Planning
Sustainable Design

Replacement Facility Planning

Physicians Regional Medical Center
Knoxville, Tennessee

PROPOSED PLAN
FIFTH FLOOR

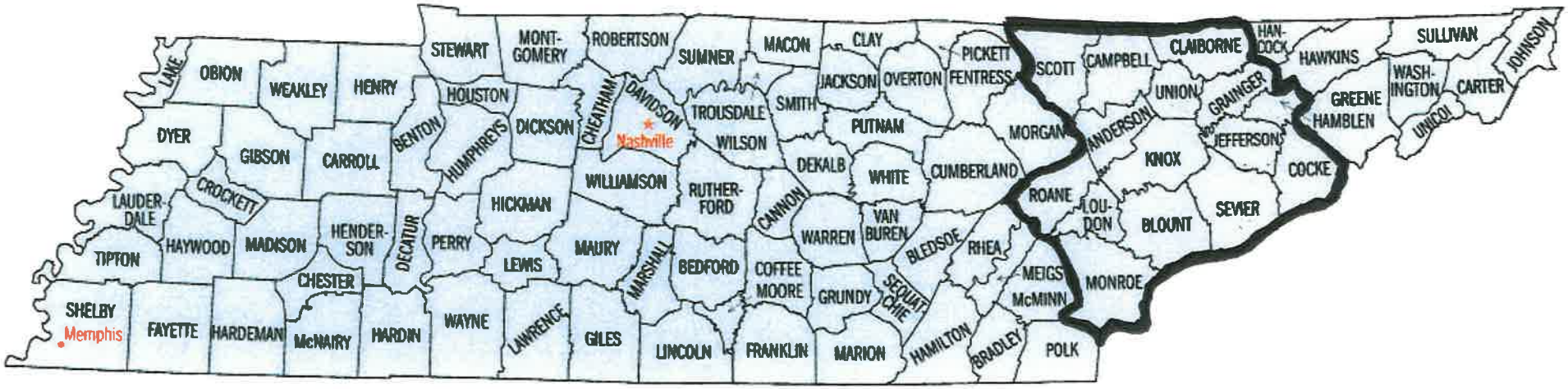
July 2, 2014

Attachment C.Need.B.3

Physicians, by Specialty, Moved from Physicians Regional Medical Center Campus

Specialty	# of Physicians	Date Moved
Internal Medicine	16	2009
Urology	6	2010
Orthopedic Surgery	21	2011
General Surgery/Vascular Surgery	10	2011
Otolaryngology	9	2011
Opthalmology	4	2012
Pediatrics	2	2013
Total	**68**	

Attachment C.Need.3


LAKE
OBION
WEAKLEY
HENRY
STEWART
MONT-GOMERY
ROBERTSON
SUMNER
MACON
CLAY
PICKETT
FENTRESS
SCOTT
CAMPBELL
CLAIBORNE
HAN-COCK
HAWKINS
SULLIVAN
JOHNSON
WASH-INGTON
CARTER
UNICOI
GREENE
HAMBLEN
GRAINGER
UNION
JACKSON
OVERTON
SMITH
HOUSTON
DYER
GIBSON
CARROLL
BENTON
HUMPHREYS
DICKSON
CHEATHAM
DAVIDSON
Nashville
TROUSDALE
WILSON
PUTNAM
MORGAN
ANDERSON
JEFFERSON
KNOX
COCKE
DEKALB
WHITE
CUMBERLAND
CROCKETT
LAUDER-DALE
WILLIAMSON
RUTHER-FORD
CANNON
ROANE
LOU-DON
BLOUNT
SEVIER
HICKMAN
HENDER-SON
DECATUR
PERRY
MAURY
WARREN
VAN BUREN
BLEDSOE
RHEA
TIPTON
HAYWOOD
MADISON
LEWIS
MARSHALL
BEDFORD
COFFEE
MOORE
GRUNDY
SEQUATCHIE
MEIGS
McMINN
MONROE
CHESTER
SHELBY
Memphis
FAYETTE
HARDEMAN
McNAIRY
HARDIN
WAYNE
LAWRENCE
GILES
LINCOLN
FRANKLIN
MARION
HAMILTON
BRADLEY
POLK

Attachment C.Need.6

PRMC Key Statistics and Growth Projections

	2011	2012	2013	2014 Annualized	2015	2016	2017	2018 - Project Year 1	2019 - Project Year 2
Admissions	17,639	15,563	14,876	13,492	13,627	13,763	13,901	14,457	15,035
Patient Days	82,081	74,903	70,887	60,444	61,048	61,659	62,276	64,767	67,357
IP Surgeries	4,462	5,095	4,698	4,891	4,940	4,989	5,039	5,241	5,450
OP Surgeries	9,671	5207**	9,305	8,643	8,729	8,817	8,905	9,261	9,632
ICU/CCU Admissions	3,302	3,499	3,631	3,401	3,435	3,469	3,504	3,644	3,790
ED Visits	51,495	52,097	45,827	43,334	43,767	44,205	44,647	46,433	48,290
Births	1,552	1,466	1,427	1,406	1,420	1,434	1,449	1,507	1,567
Level IIB Nursery Admissions	173	166	186	174	176	177	179	186	194
Cardiac Catheterizations	5,858	3,647	3,998	4,742	4,789	4,837	4,886	5,081	5,284
Open Heart Surgeries	374	312	325	362	366	369	373	388	403
PET/CT scans	1,180	1,033	1,909	842	850	859	868	902	938
MRI scans	6,033	5,818	3,993	5,124	5,175	5,227	5,279	5,490	5,710
Radiation therapy treatments	3,621	2112*	3,801	3,516	3,551	3,587	3,623	3,767	3,918
IP Rehabilitation admissions	378	282	363	341	344	348	351	365	380
Lithotripsy procedures	280	230	235	198	200	202	204	212	221

*Linear accelerator was closed for upgrade for four months during 2012.

** Different method of calculating OP surgeries under former ownership.

Check rad therapy numbers against utilization reports. These numbers come from JARs

Attachment C.Economic Feasibility.1

M. J. HARRIS
CONSTRUCTION SERVICES, LLC

July 8, 2014

Physicians Regional Medical Center
c/o
Mr. Keith Kizzire
CHS Professional Services Corporation (CHSPSC)
4000 Meridian Blvd.
Franklin, TN 37067

RE: Conceptual Budget Proposal
Physicians Regional Medical Center
Replacement Hospital
Knoxville, Tennessee

Dear Mr. Kizzire:

M. J. Harris Construction Services, LLC is pleased to submit the attached Conceptual Budget Proposal for the above referenced project. This proposal is based on the CHS KPU Space Program Template dated January 30, 2014, C200 Preliminary Site Layout Plan without MOB prepared by Thomas, Miller & Partners, PLLC dated February 7, 2014, Report of Preliminary Subsurface Exploration prepared by Professional Engineers, Inc. dated May 24, 2013, and MEP Systems Narratives prepared by I. C. Thomasson Associates, Inc. dated January 28, 2014.

Please note builder's risk and performance and payment bonds are not included in the pricing.

Our price is based on today's material and labor values.

We appreciate the opportunity to work with Community Health Systems and the Physicians Regional Medical Center and look forward to a quality working relationship. If you have any questions, please contact me at (615) 727-0400.

Respectfully submitted,

Jennifer Johnson

Jenny Johnson
Senior Estimator

CC: File, Tommy Yeager, Michael Harris, and Garrett Barnes

5210 Maryland Way, Suite 101
Brentwood, TN 37027
phone 615.727.0400
fax 615.727.0401
www.mjharris.com

M. J. HARRIS
CONSTRUCTION SERVICES, LLC

Division Cost Breakdown

Conceptual Budget Proposal
Physicians Regional Medical Center
Replacement Hospital
Knoxville, TN

July 8, 2014

DIVISION	ITEM OF WORK	Quantity	Unit	Unit Price	TOTAL COST
1	General Requirements	22	MO	$ 70,000.00	$ 1,540,000
2	Sitework	70	AC	$ 172,134.79	$ 12,049,435
3	Concrete	556,083	SF	$ 17.13	$ 9,525,702
4	Masonry	556,083	SF	$ 5.80	$ 3,225,281
5	Metals	556,083	SF	$ 28.50	$ 15,848,366
6	Woods, Plastics, and Composites	556,083	SF	$ 3.85	$ 2,140,920
7	Thermal and Moisture Protection	556,083	SF	$ 10.93	$ 6,077,987
8	Openings	556,083	SF	$ 10.82	$ 6,016,818
9	Finishes	556,083	SF	$ 43.08	$ 23,956,056
10	Specialties	556,083	SF	$ 2.71	$ 1,506,985
11	Equipment	556,083	SF	$ 2.76	$ 1,534,789
12	Furnishings	556,083	SF	$ 0.42	$ 233,555
13	Special Construction	556,083	SF	$ 0.70	$ 389,258
14	Conveying Systems	556,083	SF	$ 2.11	$ 1,173,335
15	Mechanical	556,083	SF	$ 96.24	$ 53,517,428
16	Electrical	556,083	SF	$ 50.51	$ 28,088,985
	BASE BID:	**556,083**	**SF**	**$ 300.00**	**$166,824,900**
	M. J. Harris Construction Services, LLC				

M . J . H A R R I S
CONSTRUCTION SERVICES, LLC

COMMENTS & CLARIFICATIONS

Conceptual Budget Proposal
Physicians Regional Medical Center
Replacement Hospital
Knoxville, TN

July 8, 2014

INCLUSIONS

- 22 Month Project Duration

EXCLUSIONS

- Structured Cabling and Low Voltage Equipment & Devices
- Pneumatic Tube System
- Grave Relocation
- Escalation (Recommend 3-5% per Year)
- Payment & performance Bond
- Builder's Risk Insurance
- Remobilization (All Work Completed in One Mobilization)
- Hoisting of Owner Furnished Equipment
- Subguard / Bonding
- Tap & Impact Fees
- Contingency

5210 Maryland Way, Suite 101
Brentwood, TN 37027
phone 615.727.0400
fax 615.727.0401
www.mjharris.com

Attachment C.Economic Feasibility.2

Tennova™
Healthcare

August 8, 2014

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

Dear Ms. Hill:

As CFO of Physicians Regional Medical Center, I am submitting this letter to confirm that the $303,545,204 required for the application to build a replacement hospital for Physicians Regional Medical Center is available through CHS/Community Health Systems, Inc., the parent of Knoxville HMA Holdings, LLC. The cost estimate for this project includes legal and administrative costs, construction costs, equipment costs, the cost of the land purchase, and a contingency fund.

Sincerely,

Rhonda Maynard

Rhonda Maynard
Chief Financial Officer

Attachment C.Economic Feasibility.6

DRG	DESCRIPTION	AVG CHG	MEDICARE ALLOWABLE
0470	MAJOR JOINT REPLACEMENT OR REATTACHMENT OF LOWER EXTREMITY W/O MCC	$ 63,481	$ 10,236
0885	PSYCHOSES	$ 17,064	$ 4,073
0945	REHABILITATION W CC/MCC	$ 48,902	$ 15,582
0871	SEPTICEMIA OR SEVERE SEPSIS W/O MV 96+ HOURS W MCC	$ 37,825	$ 9,048
0291	HEART FAILURE & SHOCK W MCC	$ 26,623	$ 7,275
0897	ALCOHOL/DRUG ABUSE OR DEPENDENCE W/O REHABILITATION THERAPY W/O MCC	$ 14,337	$ 2,840
0193	SIMPLE PNEUMONIA & PLEURISY W MCC	$ 31,615	$ 7,022
0287	CIRCULATORY DISORDERS EXCEPT AMI, W CARD CATH W/O MCC	$ 27,553	$ 4,822
0378	G.I. HEMORRHAGE W CC	$ 26,466	$ 4,885
0189	PULMONARY EDEMA & RESPIRATORY FAILURE	$ 27,579	$ 5,920
0190	CHRONIC OBSTRUCTIVE PULMONARY DISEASE W MCC	$ 24,045	$ 5,779
0884	ORGANIC DISTURBANCES & MENTAL RETARDATION	$ 20,386	$ 5,758
0247	PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC	$ 78,282	$ 10,131
0392	ESOPHAGITIS, GASTROENT & MISC DIGEST DISORDERS W/O MCC	$ 21,578	$ 3,296
0682	RENAL FAILURE W MCC	$ 37,511	$ 8,461
0484	MAJOR JOINT & LIMB REATTACHMENT PROC OF UPPER EXTREMITY W/O CC/MCC	$ 66,477	$ 10,876
0057	DEGENERATIVE NERVOUS SYSTEM DISORDERS W/O MCC	$ 21,791	$ 6,819
0481	HIP & FEMUR PROCEDURES EXCEPT MAJOR JOINT W CC	$ 39,350	$ 9,519
0460	SPINAL FUSION EXCEPT CERVICAL W/O MCC	$ 102,066	$ 19,936
0310	CARDIAC ARRHYTHMIA & CONDUCTION DISORDERS W/O CC/MCC	$ 12,852	$ 2,809
0177	RESPIRATORY INFECTIONS & INFLAMMATIONS W MCC	$ 36,117	$ 9,880
0292	HEART FAILURE & SHOCK W CC	$ 21,337	$ 4,940
0683	RENAL FAILURE W CC	$ 21,385	$ 4,800
0208	RESPIRATORY SYSTEM DIAGNOSIS W VENTILATOR SUPPORT <96 HOURS	$ 52,599	$ 11,281
0194	SIMPLE PNEUMONIA & PLEURISY W CC	$ 18,630	$ 4,866

Attachment C.Economic Feasibility.10

CHS

CHS/Community Health Systems, Inc.
(a wholly-owned subsidiary of Community Health Systems, Inc.) and Subsidiaries
Consolidated Financial Statements as of December 31, 2013 and 2012, and for the Years Ended December 31, 2013, 2012 and 2011 and Independent Auditors' Report

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CHS/Community Health Systems, Inc. (a wholly-owned subsidiary of Community Health Systems, Inc.) and Subsidiaries

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Independent Auditors' Report	1
Consolidated Statements of Income for the Years Ended December 31, 2013, 2012 and 2011	3
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2013, 2012 and 2011	4
Consolidated Balance Sheets as of December 31, 2013 and 2012	5
Consolidated Statements of Stockholder's Equity for the Years Ended December 31, 2013, 2012 and 2011	6
Consolidated Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011	7
Notes to Consolidated Financial Statements	8 - 43

Deloitte.

Deloitte & Touche LLP
Suite 2400
424 Church Street
Nashville, TN 37219
USA

Tel: +1 615 259 1800
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
CHS/Community Health Systems, Inc.
Franklin, Tennessee

We have audited the accompanying consolidated financial statements of CHS/Community Health Systems, Inc. (a wholly-owned subsidiary of Community Health Systems, Inc.) and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2013, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member of
Deloitte Touche Tohmatsu Limited

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CHS/Community Health Systems, Inc. and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

March 5, 2014

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Operating revenues (net of contractual allowances and discounts)	$ 15,078,074	$ 14,988,179	$ 13,626,168
Provision for bad debts	2,080,381	1,959,194	1,719,956
Net operating revenues	12,997,693	13,028,985	11,906,212
Operating costs and expenses:			
Salaries and benefits	6,217,747	6,103,931	5,577,925
Supplies	1,994,116	1,973,491	1,834,106
Other operating expenses	2,880,357	2,869,786	2,515,638
Government settlement and related costs	101,500	-	-
Electronic health records incentive reimbursement	(165,877)	(126,734)	(63,397)
Rent	287,412	272,829	254,781
Depreciation and amortization	782,675	725,558	652,674
Total operating costs and expenses	12,097,930	11,818,861	10,771,727
Income from operations	899,763	1,210,124	1,134,485
Interest expense, net of interest income of $2,977, $3,031 and $4,650 in 2013, 2012 and 2011, respectively	615,147	622,933	644,410
Loss from early extinguishment of debt	1,295	115,453	66,019
Equity in earnings of unconsolidated affiliates	(42,641)	(42,033)	(49,491)
Impairment of long-lived assets	20,100	10,000	-
Income from continuing operations before income taxes	305,862	503,771	473,547
Provision for income taxes	88,594	157,502	137,653
Income from continuing operations	217,268	346,269	335,894
Discontinued operations, net of taxes:			
Loss from operations of entities sold	-	(466)	(7,769)
Impairment of hospitals sold	-	-	(47,930)
Loss on sale, net	-	-	(2,572)
Loss from discontinued operations, net of taxes	-	(466)	(58,271)
Net income	217,268	345,803	277,623
Less: Net income attributable to noncontrolling interests	76,065	80,163	75,675
Net income attributable to CHS/Community Health Systems, Inc. stockholder	$ 141,203	$ 265,640	$ 201,948

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Net income	$ 217,268	$ 345,803	$ 277,623
Other comprehensive income (loss), net of income taxes:			
Net change in fair value of interest rate swaps, net of tax of $33,875, $26,219 and $31,154 for the years ended December 31, 2013, 2012 and 2011, respectively	60,304	46,409	55,145
Net change in fair value of available-for-sale securities, net of tax	2,181	3,012	(960)
Amortization and recognition of unrecognized pension cost components, net of tax (benefit) of $9,140, $(3,310) and $(4,754) for the years ended December 31, 2013, 2012 and 2011, respectively	15,320	(10,252)	(7,737)
Other comprehensive income	77,805	39,169	46,448
Comprehensive income	295,073	384,972	324,071
Less: Comprehensive income attributable to noncontrolling interests	76,065	80,163	75,675
Comprehensive income attributable to CHS/Community Health Systems, Inc. stockholder	$ 219,008	$ 304,809	$ 248,396

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 373,403	$ 387,813
Patient accounts receivable, net of allowance for doubtful accounts of $2,448,432 and $2,201,875 at December 31, 2013 and 2012, respectively	2,353,308	2,067,379
Supplies	377,005	368,172
Prepaid income taxes	107,077	49,888
Deferred income taxes	101,372	117,045
Prepaid expenses and taxes	128,476	126,561
Other current assets	307,322	302,284
Total current assets	3,747,963	3,419,142
Property and equipment:		
Land and improvements	628,539	614,964
Buildings and improvements	6,302,739	6,086,169
Equipment and fixtures	3,675,472	3,444,275
Property and equipment, gross	10,606,750	10,145,408
Less accumulated depreciation and amortization	(3,492,287)	(2,993,535)
Property and equipment, net	7,114,463	7,151,873
Goodwill	4,444,135	4,408,138
Other assets, net of accumulated amortization of $535,142 and $394,827 at December 31, 2013 and 2012, respectively	1,810,734	1,627,182
Total assets	$ 17,117,295	$ 16,606,335
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 166,902	$ 89,911
Accounts payable	958,593	825,914
Deferred income taxes	3,183	-
Accrued liabilities:		
Employee compensation	698,987	713,685
Interest	111,891	110,702
Other	517,927	403,008
Total current liabilities	2,457,483	2,143,220
Long-term debt	9,286,495	9,451,394
Deferred income taxes	906,101	808,489
Other long-term liabilities	977,336	1,039,045
Total liabilities	13,627,415	13,442,148
Redeemable noncontrolling interests in equity of consolidated subsidiaries	358,410	367,666
Commitments and contingencies (Note 14)		
EQUITY		
CHS/Community Health Systems, Inc. stockholder's equity:		
Common stock, $.01 par value per share, 100,000 shares authorized	1	1
Additional paid-in capital	1,250,136	1,132,524
Accumulated other comprehensive loss	(67,505)	(145,310)
Retained earnings	1,885,195	1,743,992
Total CHS/Community Health Systems, Inc. stockholder's equity	3,067,827	2,731,207
Noncontrolling interests in equity of consolidated subsidiaries	63,643	65,314
Total equity	3,131,470	2,796,521
Total liabilities and equity	$ 17,117,295	$ 16,606,335

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

		CHS/Community Health Systems, Inc.						
	Redeemable Noncontrolling Interests	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total Equity
		Shares	Amount					
		(In thousands, except share data)						
Balance, December 31, 2010	$ 387,472	100,000	$ 1	$ 1,121,008	$ (230,927)	$ 1,299,382	$ 60,913	$ 2,250,377
Comprehensive income (loss)	54,251	-	-	-	46,448	201,948	21,424	269,820
Distributions to noncontrolling interests, net of contributions	(39,816)	-	-	-	-	-	(15,049)	(15,049)
Purchase of subsidiary shares from noncontrolling interests	(7,426)	-	-	(4,556)	-	-	(1,040)	(5,596)
Other reclassifications of noncontrolling interests	(2,099)	-	-	-	-	-	1,101	1,101
Adjustment to redemption value of redeemable noncontrolling interests	3,361	-	-	(3,361)	-	-	-	(3,361)
Distributions to Community Health Systems, Inc.	-			(32,847)	-	-	-	(32,847)
Balance, December 31, 2011	395,743	100,000	1	1,080,244	(184,479)	1,501,330	67,349	2,464,445
Comprehensive income	56,235	-	-	-	39,169	265,640	23,928	328,737
Distributions to noncontrolling interests, net of contributions	(43,613)	-	-	-	-	-	(24,196)	(24,196)
Purchase of subsidiary shares from noncontrolling interests	(21,607)	-	-	(21,537)	-	-	(1,143)	(22,680)
Other reclassifications of noncontrolling interests	718	-	-	-	-	-	(624)	(624)
Adjustment to redemption value of redeemable noncontrolling interests	(19,810)	-	-	19,810	-	-	-	19,810
Dividend to shareholder	-				-	(22,978)	-	(22,978)
Contributions from Community Health Systems, Inc.	-			54,007	-	-	-	54,007
Balance, December 31, 2012	367,666	100,000	1	1,132,524	(145,310)	1,743,992	65,314	2,796,521
Comprehensive income	50,624	-	-	-	77,805	141,203	25,441	244,449
Distributions to noncontrolling interests, net of contributions	(48,518)	-	-	-	-	-	(26,776)	(26,776)
Purchase of subsidiary shares from noncontrolling interests	(5,891)	-	-	(768)	-	-	(2,645)	(3,413)
Other reclassifications of noncontrolling interests	2,290	-	-	-	-	-	(2,290)	(2,290)
Noncontrolling interests in acquired entity	-	-	-	-	-	-	4,599	4,599
Adjustment to redemption value of redeemable noncontrolling interests	(7,761)	-	-	7,761	-	-	-	7,761
Contributions from Community Health Systems, Inc.	-			110,619	-	-	-	110,619
Balance, December 31, 2013	$ 358,410	100,000	$ 1	$ 1,250,136	$ (67,505)	$ 1,885,195	$ 63,643	$ 3,131,470

See notes to the consolidated financial statements.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF COMMUNITY HEALTH SYSTEMS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 217,268	$ 345,803	$ 277,623
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	782,675	725,558	657,665
Deferred income taxes	69,284	53,407	107,032
Government settlement and related costs	101,500	-	-
Stock-based compensation expense	38,403	40,896	42,542
Loss on sale, net	-	-	2,572
Impairment of hospitals sold	-	-	47,930
Impairment of long-lived assets	20,100	10,000	-
Loss from early extinguishment of debt	1,295	115,453	66,019
Excess tax benefit relating to stock-based compensation	(6,715)	(3,973)	(5,290)
Other non-cash expenses, net	60,839	33,251	28,716
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:			
Patient accounts receivable	(285,437)	(204,151)	(138,332)
Supplies, prepaid expenses and other current assets	(8,453)	(99,799)	(42,858)
Accounts payable, accrued liabilities and income taxes	72,474	246,301	246,110
Other	25,486	17,374	(27,821)
Net cash provided by operating activities	1,088,719	1,280,120	1,261,908
Cash flows from investing activities:			
Acquisitions of facilities and other related equipment	(43,743)	(322,315)	(415,360)
Purchases of property and equipment	(613,992)	(768,790)	(776,713)
Proceeds from disposition of hospitals and other ancillary operations	-	-	173,387
Proceeds from sale of property and equipment	6,409	5,897	11,160
Increase in other investments	(339,942)	(297,994)	(188,249)
Net cash used in investing activities	(991,268)	(1,383,202)	(1,195,775)
Cash flows from financing activities:			
Capital distributions, net	75,346	15,517	(74,901)
Payment of special dividend to stockholder	-	(22,535)	-
Deferred financing costs	(13,199)	(141,219)	(19,352)
Proceeds from noncontrolling investors in joint ventures	289	535	1,229
Redemption of noncontrolling investments in joint ventures	(9,304)	(44,287)	(13,022)
Distributions to noncontrolling investors in joint ventures	(75,583)	(68,344)	(56,094)
Borrowings under credit agreements	1,194,575	3,975,866	578,236
Issuance of long-term debt	-	3,825,000	1,000,000
Proceeds from receivables facility	338,000	350,000	-
Repayments of long-term indebtedness	(1,621,985)	(7,529,503)	(1,651,533)
Net cash (used in) provided by financing activities	(111,861)	361,030	(235,437)
Net change in cash and cash equivalents	(14,410)	257,948	(169,304)
Cash and cash equivalents at beginning of period	387,813	129,865	299,169
Cash and cash equivalents at end of period	$ 373,403	$ 387,813	$ 129,865
Supplemental disclosure of cash flow information:			
Interest payments	$ 582,828	$ 594,292	$ 680,704
Income tax paid, net of refunds received	$ 72,794	$ 55,551	$ 26,463

See notes to the consolidated financial statements.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Business. CHS/Community Health Systems, Inc., a wholly-owned subsidiary of Community Health Systems, Inc. (the "Parent"), through its subsidiaries (collectively the "Company"), owns, leases and operates acute care hospitals in non-urban and selected urban markets. As of December 31, 2013, the Company owned or leased 135 hospitals, including four stand-alone rehabilitation or psychiatric hospitals, licensed for 20,180 beds in 29 states. Throughout these notes to the consolidated financial statements, CHS/Community Health Systems, Inc. and its consolidated subsidiaries are referred to on a collective basis as the "Company." This drafting style is not meant to indicate that the Company or any subsidiary of the Parent owns or operates any asset, business, or property. The hospitals, operations and businesses described in these consolidated financial statements are owned and operated, and management services provided, by distinct and indirect subsidiaries of CHS/Community Health Systems, Inc.

As of December 31, 2013, Texas, Pennsylvania and Indiana represent the only areas of geographic concentration. Operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), generated by the Company's hospitals in Texas, as a percentage of consolidated operating revenues, were 14.8% in 2013, 14.4% in 2012 and 13.1% in 2011. Operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), generated by the Company's hospitals in Pennsylvania, as a percentage of consolidated operating revenues, were 13.0% in 2013, 12.6% in 2012 and 11.5% in 2011. Operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), generated by the Company's hospitals in Indiana, as a percentage of consolidated operating revenues, were 10.5% in 2013, 10.5% in 2012 and 10.3% in 2011.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company, its subsidiaries, all of which are controlled by the Company through majority voting control, and variable interest entities for which the Company is the primary beneficiary. All significant intercompany accounts, profits and transactions have been eliminated. Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the Company are presented as a component of total equity to distinguish between the interests of the Company and the interests of the noncontrolling owners. Revenues, expenses and income from continuing operations from these subsidiaries are included in the consolidated amounts as presented on the consolidated statements of income, along with a net income measure that separately presents the amounts attributable to the controlling interests and the amounts attributable to the noncontrolling interests for each of the periods presented. Noncontrolling interests that are redeemable or may become redeemable at a fixed or determinable price at the option of the holder or upon the occurrence of an event outside of the control of the Company are presented in mezzanine equity on the consolidated balance sheets. The Parent operates for the sole purpose of supporting the operations of the Company and all expenses of the Parent are reflected as expenses of the Company.

Cost of Revenue. Substantially all of the Company's operating expenses are "cost of revenue" items. Operating costs that could be classified as general and administrative by the Company would include the Company's corporate office costs at its Franklin, Tennessee office, which were $180.8 million, $214.8 million and $183.4 million for the years ended December 31, 2013, 2012 and 2011, respectively. Included in these amounts is stock-based compensation of $38.4 million, $40.9 million and $42.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Cash Equivalents. The Company considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Supplies. Supplies, principally medical supplies, are stated at the lower of cost (first-in, first-out basis) or market.

Marketable Securities. The Company's marketable securities are classified as trading or available-for-sale. Available-for-sale securities are carried at fair value as determined by quoted market prices, with unrealized gains and losses reported as a separate component of stockholder's equity. Trading securities are reported at fair value with unrealized gains and losses included in earnings. Interest and dividends on securities classified as available-for-sale or trading are included in net operating revenues and were not material in all periods presented. Other comprehensive income (loss) included an unrealized gain of $2.2 million, an unrealized gain of $3.0 million and an unrealized loss of $1.0 million during the years ended December 31, 2013, 2012 and 2011, respectively, related to these available-for-sale securities.

Property and Equipment. Property and equipment are recorded at cost. Depreciation is recognized using the straight-line method over the estimated useful lives of the land and improvements (2 to 15 years; weighted-average useful life is 14 years), buildings and improvements (5 to 50 years; weighted-average useful life is 24 years) and equipment and fixtures (4 to 18 years; weighted-average useful life is 8 years). Costs capitalized as construction in progress were $231.8 million and $173.4 million at December 31, 2013 and 2012, respectively. Expenditures for renovations and other significant improvements are capitalized; however, maintenance and repairs which do not improve or extend the useful lives of the respective assets are charged to operations as incurred. Interest capitalized related to construction in progress was $10.5 million, $23.9 million and $21.4 million for the years ended December 31, 2013, 2012 and 2011, respectively. Purchases of property and equipment and internal use-software accrued in accounts payable and not yet paid were $141.6 million and $50.2 million at December 31, 2013 and 2012, respectively.

The Company also leases certain facilities and equipment under capital leases (see Note 9). Such assets are amortized on a straight-line basis over the lesser of the term of the lease or the remaining useful lives of the applicable assets.

Goodwill. Goodwill represents the excess of the fair value of the consideration conveyed in the acquisition over the fair value of net assets acquired. Goodwill arising from business combinations is not amortized. Goodwill is required to be evaluated for impairment at the same time every year and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist. The Company performs its annual testing of impairment for goodwill in the fourth quarter of each year.

Other Assets. Other assets consist of costs associated with the issuance of debt, which are included in interest expense over the life of the related debt using the effective interest method; the insurance recovery receivable from excess insurance carriers related to the Company's self-insured malpractice general liability and workers' compensation insurance liability; and costs to recruit physicians to the Company's markets, which are deferred and expensed over the term of the respective physician recruitment contract, generally three years, and included in amortization expense. Other assets also include capitalized internal-use software costs, which are expensed over the expected useful life, which is generally three years for routine software and eight to ten years for major software projects, and included in amortization expense.

Third-Party Reimbursement. Net patient service revenue is reported at the estimated net realizable amount from patients, third-party payors and others for services rendered. Operating revenues include amounts estimated by management to be reimbursable by Medicare and Medicaid under prospective payment systems, provisions of cost-reimbursement and other payment methods. Approximately 34.6%, 36.1% and 36.5% of operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), for the years ended December 31, 2013, 2012 and 2011, respectively, are related to services rendered to patients covered by the Medicare and Medicaid programs. Revenues from Medicare outlier payments are included in the amounts received from Medicare and were approximately 0.46%, 0.45% and 0.42% of operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), for the years ended December 31, 2013, 2012 and 2011, respectively. In addition, the Company is reimbursed by non-governmental payors using a variety of payment methodologies. Amounts received by the Company for treatment of patients covered by such programs are generally less than the standard billing rates. The differences between the estimated program reimbursement rates and the standard billing rates are accounted for as contractual adjustments, which are deducted from gross revenues to arrive at operating revenues (net of contractual allowances and discounts). These net operating revenues are an estimate of the net realizable amount due from these payors. The process of estimating contractual allowances requires the Company to estimate the amount expected to be received based on payor contract provisions. The key assumption in this process is the estimated contractual reimbursement percentage, which is based on payor classification and historical paid claims data. Due to the complexities involved in these estimates, actual payments the Company receives could be different from the amounts it estimates and records. Final settlements under some of these programs are subject to adjustment based on administrative review and audit by third parties. Adjustments to previous program reimbursement estimates are accounted for as contractual allowance adjustments and reported in the periods that such adjustments become known.

Included in net operating revenues for the year ended December 31, 2012 is approximately $105.3 million of net operating revenues from an industry-wide settlement with the United States Department of Health and Human Services and Centers for Medicare and Medicaid Services, based on a claim that acute-care hospitals in the U.S. were underpaid from the Medicare inpatient prospective payment system in federal fiscal years 1999 through 2011. The underpayments resulted from calculations related to the rural floor budget neutrality adjustments implemented in connection with the Balanced Budget Act of 1997. During the year ended December 31, 2012, the Company received approximately $104.0 million of cash from this settlement. Also included in net operating revenues for the year ended December 31, 2012 is an unfavorable adjustment of approximately $21.0 million related to the revised Supplemental Security Income ratios issued for federal fiscal years 2006 through 2009 utilized for calculating Medicare Disproportionate Share Hospital reimbursements. Other than these items, contractual allowance adjustments related to final settlements and previous program reimbursement estimates impacted net operating revenues and net income by an insignificant amount in each of the years ended December 31, 2013, 2012 and 2011.

Amounts due to third-party payors were $60.5 million and $80.5 million as of December 31, 2013 and 2012, respectively, and are included in accrued liabilities-other in the accompanying consolidated balance sheets. Amounts due from third-party payors were $118.0 million and $119.2 million as of December 31, 2013 and 2012, respectively, and are included in other current assets in the accompanying consolidated balance sheets. Substantially all Medicare and Medicaid cost reports are final settled through 2008.

Net Operating Revenues. Net operating revenues are recorded net of provisions for contractual allowance of approximately $53.4 billion, $49.3 billion and $42.4 billion in 2013, 2012 and 2011, respectively. Net operating revenues are recognized when services are provided and are reported at the estimated net realizable amount from patients, third-party payors and others for services rendered. Also included in the provision for contractual allowance shown above is the value of administrative and other discounts provided to self-pay patients eliminated from net operating revenues which was $1.4 billion, $1.2 billion and $852.4 million for the years ended December 31, 2013, 2012 and 2011, respectively.

In the ordinary course of business, the Company renders services to patients who are financially unable to pay for hospital care. The Company's policy is to not pursue collections for such amounts, therefore, the related charges for those patients who are financially unable to pay and that otherwise do not qualify for reimbursement from a governmental program are not reported in net operating revenues or in the provision for bad debts, and are thus classified as charity care. The Company determines amounts that qualify for charity care primarily based on the patient's household income relative to the federal poverty level guidelines, as established by the federal government.

Included in the provision for contractual allowance shown above is $703.3 million, $692.4 million and $651.1 million for the years ended December 31, 2013, 2012 and 2011, respectively, representing the value (at the Company's standard charges) of these charity care services that are excluded from net operating revenues.

The estimated cost incurred by the Company to provide these charity care services to patients who are unable to pay was approximately $120.8 million, $125.4 million and $125.7 million for the years ended December 31, 2013, 2012 and 2011, respectively. The estimated cost of these charity care services was determined using a ratio of cost to gross charges and applying that ratio to the gross charges associated with providing care to charity patients for the period.

Currently, several states utilize supplemental reimbursement programs for the purpose of providing reimbursement to providers to offset a portion of the cost of providing care to Medicaid patients. These programs are designed with input from Centers for Medicare and Medicaid Services and are funded with a combination of state and federal resources, including, in certain instances, fees or taxes levied on the providers. Similar programs are also being considered by other states. After these supplemental programs are signed into law, the Company recognizes revenue and related expenses in the period in which amounts are estimable and collection is reasonably assured. Reimbursement under these programs is reflected in net operating revenues and fees, taxes or other program-related costs are reflected in other operating expenses.

Operating revenues, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the years ended December 31, 2013, 2012 and 2011, were as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Medicare	$ 3,750,696	$ 3,955,235	$ 3,654,247
Medicaid	1,468,717	1,455,650	1,318,756
Managed Care and other third-party payors	7,797,495	7,629,416	7,014,519
Self-pay	2,061,166	1,947,878	1,638,646
Total	$ 15,078,074	$ 14,988,179	$ 13,626,168

Allowance for Doubtful Accounts. Accounts receivable are reduced by an allowance for amounts that could become uncollectible in the future. Substantially all of the Company's receivables are related to providing healthcare services to its hospitals' patients.

The Company estimates the allowance for doubtful accounts by reserving a percentage of all self-pay accounts receivable without regard to aging category, based on collection history, adjusted for expected recoveries and, if present, anticipated changes in trends. For all other non-self-pay payor categories, the Company reserves 100% of all accounts aging over 365 days from the date of discharge. The percentage used to reserve for all self-pay accounts is based on the Company's collection history. The Company collects substantially all of its third-party insured receivables, which include receivables from governmental agencies.

Collections are impacted by the economic ability of patients to pay and the effectiveness of the Company's collection efforts. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the Company's collection of accounts receivable and the estimates of the collectability of future accounts receivable. The process of estimating the allowance for doubtful accounts requires the Company to estimate the collectability of self-pay accounts receivable, which is primarily based on its collection history, adjusted for expected recoveries and, if present, anticipated changes in collection trends. The Company also continually reviews its overall reserve adequacy by monitoring historical cash collections as a percentage of trailing net revenue less provision for bad debts, as well as by analyzing current period net revenue and admissions by payor classification, aged accounts receivable by payor, days revenue outstanding, and the impact of recent acquisitions and dispositions.

Electronic Health Records Incentive Reimbursement. The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH"). These provisions were designed to increase the use of electronic health records ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payments program beginning in 2011 for eligible hospitals and providers that adopt and meaningfully use certified EHR technology. The Company utilizes a gain contingency model to recognize EHR incentive payments. Recognition occurs when our eligible hospitals adopt or demonstrate meaningful use of certified EHR technology for the applicable payment period and have available the Medicare cost report information for the relevant full cost report year used to determine the final incentive payment.

Medicaid EHR incentive payments are calculated based on prior period Medicare cost report information available at the time when eligible hospitals adopt, implement or demonstrate meaningful use of certified EHR technology. Since the information for the relevant full Medicare cost report year is available, the incentive income from resolving the gain contingency is recognized when eligible hospitals adopt, implement or demonstrate meaningful use of certified EHR technology.

Medicare EHR incentive payments are calculated based on the Medicare cost report information for the full cost report year that began during the federal fiscal year in which meaningful use is demonstrated. Since the necessary information is only available at the end of the relevant full Medicare cost report year, the incentive income from resolving the gain contingency is recognized when eligible hospitals demonstrate meaningful use of certified EHR technology and the information for the applicable full Medicare cost report year to determine the final incentive payment is available.

In some instances, the Company may receive estimated Medicare EHR incentive payments prior to when the Medicare cost report information used to determine the final incentive payment is available. In these instances, recognition of the gain for EHR incentive payments is deferred until all recognition criteria described above are met.

Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology. Initial Medicaid incentive payments were available to providers that adopt, implement or upgrade certified EHR technology; however, providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments. Medicaid EHR incentive payments are fully funded by the federal government and administered by the states; however, the states are not required to offer EHR incentive payments to providers.

The Company recognized approximately $165.9 million, $126.7 million and $63.4 million during the years ended December 31, 2013, 2012 and 2011, respectively, of incentive reimbursement for HITECH incentives from Medicare and Medicaid related to certain of the Company's hospitals and for certain of the Company's employed physicians that have demonstrated meaningful use of certified EHR technology or have completed attestations to their adoption or implementation of certified EHR technology. These incentive reimbursements are presented as a reduction of operating costs and expenses on the consolidated statements of income. The Company received cash related to the incentive reimbursement for HITECH incentives of approximately $203.1 million, $141.0 million and $37.4 million during the years ended December 31, 2013, 2012 and 2011, respectively. As of December 31, 2013 and 2012, $90.2 million and $33.3 million, respectively, were recorded as deferred revenue as all criteria for gain recognition had not been met.

Physician Income Guarantees. The Company enters into physician recruiting agreements under which it supplements physician income to a minimum amount over a period of time, typically one year, while the physicians establish themselves in the community. As part of the agreements, the physicians are committed to practice in the community for a period of time, typically three years, which extends beyond their income guarantee period. The Company records an asset and liability for the estimated fair value of minimum revenue guarantees on new agreements. Adjustments to the ultimate value of the guarantee paid to physicians are recognized in the period that the change in estimate is identified. The Company amortizes an asset over the life of the agreement. As of December 31, 2013 and 2012, the unamortized portion of these physician income guarantees was $33.0 million and $30.1 million, respectively.

Concentrations of Credit Risk. The Company grants unsecured credit to its patients, most of whom reside in the service area of the Company's facilities and are insured under third-party payor agreements. Because of the economic diversity of the Company's facilities and non-governmental third-party payors, Medicare represents the only significant concentration of credit risk from payors. Accounts receivable, net of contractual allowances, from Medicare were $359.6 million and $315.5 million as of December 31, 2013 and 2012, respectively, representing 7.5% and 7.4% of consolidated net accounts receivable, before allowance for doubtful accounts, as of December 31, 2013 and 2012, respectively.

Professional Liability Claims. The Company accrues for estimated losses resulting from professional liability. The accrual, which includes an estimate for incurred but not reported claims, is based on historical loss patterns and actuarially-determined projections and is discounted to its net present value. To the extent that subsequent claims information varies from management's estimates, the liability is adjusted when such information becomes available.

Accounting for the Impairment or Disposal of Long-Lived Assets. Whenever events or changes in circumstances indicate that the carrying values of certain long-lived assets may be impaired, the Company projects the undiscounted cash flows expected to be generated by these assets. If the projections indicate that the reported amounts are not expected to be recovered, such amounts are reduced to their estimated fair value based on a quoted market price, if available, or an estimate based on valuation techniques available in the circumstances.

During the year ended December 31, 2013, the Company recorded a pretax impairment charge of $20.1 million to reduce the carrying value of certain long-lived assets at five of its smaller hospitals to their estimated fair value. During the year ended December 31, 2012, the Company recorded a pretax impairment charge of $10.0 million to reduce the carrying value of certain long-lived assets at three of its smaller hospitals to their estimated fair value. The impairments for 2013 and 2012 were identified because of declining operating results and projections of future cash flows at these hospitals caused by competitive and operational challenges specific to the markets in which these hospitals operate. There were no impairments of long-lived assets in 2011.

Income Taxes. The Company accounts for income taxes under the asset and liability method, in which deferred income tax assets and liabilities are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statement of income during the period in which the tax rate change becomes law.

Comprehensive Income (Loss). Comprehensive income (loss) is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources.

Accumulated Other Comprehensive Income (Loss) consisted of the following (in thousands):

	Change in Fair Value of Interest Rate Swaps	Change in Fair Value of Available for Sale Securities	Change in Unrecognized Pension Cost Components	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2011	$ (162,791)	$ 1,576	$ (23,264)	$ (184,479)
2012 activity, net of tax	46,409	3,012	(10,252)	39,169
Balance as of December 31, 2012	(116,382)	4,588	(33,516)	(145,310)
2013 activity, net of tax	60,304	2,181	15,320	77,805
Balance as of December 31, 2013	$ (56,078)	$ 6,769	$ (18,196)	$ (67,505)

Derivative Instruments and Hedging Activities. The Company records derivative instruments on the consolidated balance sheet as either an asset or liability measured at its fair value. Changes in a derivative's fair value are recorded each period in earnings or other comprehensive income ("OCI"), depending on whether the derivative is designated and is effective as a hedged transaction, and on the type of hedge transaction. Changes in the fair value of derivative instruments recorded to OCI are reclassified to earnings in the period affected by the underlying hedged item. Any portion of the fair value of a derivative instrument determined to be ineffective under the standard is recognized in current earnings.

The Company has entered into several interest rate swap agreements. See Note 7 for further discussion about the swap transactions.

New Accounting Pronouncements. In February 2013, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2013-02, which requires additional disclosures on the effect of significant reclassifications out of accumulated other comprehensive income. The ASU requires a company that reports other comprehensive income to present (either on the face of the statement where net income is presented or in the notes) the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference to other required disclosures that provide additional details about those amounts. This ASU is effective for fiscal years beginning after December 15, 2012, and was adopted by the Company on January 1, 2013. As it only requires additional disclosure, the adoption of this ASU had no impact on the Company's consolidated financial position, results of operations or cash flows.

2. ACCOUNTING FOR STOCK-BASED COMPENSATION

Along with the outside directors of the Parent, certain employees of the Company's subsidiaries receive compensation in the form of its Parent's equity through stock option and restricted stock grants of the Parent's stock. This Parent stock-based compensation is accounted for as if it is equity in the Company. Accordingly, stock-based compensation is included in salaries and benefits in the accompanying consolidated statements of income and in capital (distributions) contributions, net from the Parent in the accompanying consolidated statements of stockholder's equity and in the accompanying consolidated statements of cash flows.

Stock-based compensation awards have been granted under the Community Health Systems, Inc. Amended and Restated 2000 Stock Option and Award Plan, amended and restated as of March 20, 2013 (the "2000 Plan"), and the Community Health Systems, Inc. 2009 Stock Option and Award Plan, amended and restated as of March 20, 2013 (the "2009 Plan").

The 2000 Plan allowed for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code (the "IRC"), as well as stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units, performance-based shares or units and other share awards. Prior to being amended in 2009, the 2000 Plan also allowed for the grant of phantom stock. Persons eligible to receive grants under the 2000 Plan include outside directors of the Parent and the Company's directors, officers, employees and consultants. All options granted under the 2000 Plan have been "nonqualified" stock options for tax purposes. Generally, vesting of these granted options occurs in one-third increments on each of the first three anniversaries of the award date. Options granted prior to 2005 have a 10-year contractual term, options granted in 2005 through 2007 have an eight-year contractual term and options granted in 2008 through 2011 have a 10-year contractual term. The Company has not granted stock option awards under the 2000 Plan since 2011. Since the Company's stockholders approved the March 20, 2013 amendment and restatement of the 2009 Plan, no further grants will be awarded under the 2000 Plan.

The 2009 Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the IRC and for the grant of stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units, performance-based shares or units and other share awards. Persons eligible to receive grants under the 2009 Plan include outside directors of the Parent and the Company's directors, officers, employees and consultants. To date, all options granted under the 2009 Plan have been "nonqualified" stock options for tax purposes. Generally, vesting of these granted options occurs in one-third increments on each of the first three anniversaries of the award date. Options granted in 2011 or later have a 10-year contractual term. As of December 31, 2013, 4,160,962 shares of unissued common stock of the Parent were reserved for future grants under the 2009 Plan.

The exercise price of all options granted is equal to the fair value of the Parent's common stock on the option grant date.

The following table reflects the impact of total compensation expense related to stock-based equity plans on the reported operating results for the respective periods (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Effect on income from continuing operations before income taxes	$ (38,403)	$ (40,896)	$ (42,542)
Effect on net income	$ (24,040)	$ (25,683)	$ (27,014)

At December 31, 2013, $30.5 million of unrecognized stock-based compensation expense was expected to be recognized over a weighted-average period of 22 months. Of that amount, $1.7 million related to outstanding unvested stock options was expected to be recognized over a weighted-average period of 9 months and $28.8 million related to outstanding unvested restricted stock and restricted stock units was expected to be recognized over a weighted-average period of 23 months. There were no modifications to awards during the years ended December 31, 2013, 2012 and 2011.

The fair value of stock options granted during the years ended December 31, 2013, 2012 and 2011 was estimated using the Black Scholes option pricing model with the following assumptions:

	Year Ended December 31,		
	2013	2012	2011
Expected volatility	N/A	57.8 %	33.8 %
Expected dividends	N/A	-	-
Expected term	N/A	4.1 years	4 years
Risk-free interest rate	N/A	0.66 %	1.63 %

In determining the expected term, the Company examined concentrations of option holdings and historical patterns of option exercises and forfeitures, as well as forward-looking factors, in an effort to determine if there were any discernible employee populations. From this analysis, the Company identified two primary employee populations, one consisting of certain senior executives and the other one consisting of substantially all other recipients.

The expected volatility rate was estimated based on historical volatility. In determining expected volatility, the Company also reviewed the market-based implied volatility of actively traded options of the Parent's common stock and determined that historical volatility utilized to estimate the expected volatility rate did not differ significantly from the implied volatility.

The expected term computation is based on historical exercise and cancellation patterns and forward-looking factors, where present, for each population identified. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The pre-vesting forfeiture rate is based on historical rates and forward-looking factors for each population identified. The Company adjusts the estimated forfeiture rate to its actual experience.

Options outstanding and exercisable under the 2000 Plan and the 2009 Plan as of December 31, 2013, and changes during each of the years in the three-year period prior to December 31, 2013, were as follows (in thousands, except share and per share data):

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value as of December 31, 2013
Outstanding at December 31, 2010	7,834,332	$ 32.08		
Granted	1,505,000	35.87		
Exercised	(623,341)	30.34		
Forfeited and cancelled	(326,849)	33.69		
Outstanding at December 31, 2011	8,389,142	32.83		
Granted	253,500	21.16		
Exercised	(1,050,772)	19.85		
Forfeited and cancelled	(487,757)	34.12		
Outstanding at December 31, 2012	7,104,113	34.25		
Granted	-	-		
Exercised	(3,299,859)	33.53		
Forfeited and cancelled	(66,709)	34.01		
Outstanding at December 31, 2013	3,737,545	$ 34.88	4.1 years	$ 17,806
Exercisable at December 31, 2013	3,203,520	$ 35.49	3.5 years	$ 13,515

The weighted-average grant date fair value of stock options granted during the years ended December 31, 2012 and 2011, was $9.20 and $10.07, respectively. The aggregate intrinsic value (the number of in-the-money stock options multiplied by the difference between the Parent's closing stock price on the last trading day of the reporting period ($39.27) and the exercise price of the respective stock options) in the table above represents the amount that would have been received by the option holders had all option holders exercised their options on December 31, 2013. This amount changes based on the market value of the Parent's common stock. The aggregate intrinsic value of options exercised during the years ended December 31, 2013, 2012 and 2011 was $31.0 million, $9.4 million and $6.1 million, respectively. The aggregate intrinsic value of options vested and expected to vest approximates that of the outstanding options.

Restricted stock has also been awarded under the 2000 Plan and the 2009 Plan to outside directors of the Parent and employees of certain of its subsidiaries. The restrictions on these shares generally lapse in one-third increments on each of the first three anniversaries of the award date. Certain of the restricted stock awards granted to the Company's senior executives contain a performance objective that must be met in addition to any vesting requirements. If the performance objective is not attained, the awards will be forfeited in their entirety. Once the performance objective has been attained, restrictions will lapse in one-third increments on each of the first three anniversaries of the award date. Notwithstanding the above-mentioned performance objectives and vesting requirements, the restrictions will lapse earlier in the event of death, disability or termination of employment by the Company for any reason other than for cause of the holder of the restricted stock, or change in control of the Parent.

Restricted stock outstanding under the 2000 Plan and the 2009 Plan as of December 31, 2013, and changes during each of the years in the three-year period prior to December 31, 2013, were as follows:

	Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2010	2,125,291	$ 27.92
Granted	1,109,949	37.57
Vested	(1,009,959)	27.40
Forfeited	(17,669)	35.68
Unvested at December 31, 2011	2,207,612	32.95
Granted	680,500	21.20
Vested	(1,118,213)	29.67
Forfeited	(25,335)	30.94
Unvested at December 31, 2012	1,744,564	30.50
Granted	836,088	41.55
Vested	(945,894)	32.22
Forfeited	(27,269)	37.09
Unvested at December 31, 2013	1,607,489	35.13

Restricted stock units ("RSUs") have been granted to the Parent's outside directors under the 2000 Plan and the 2009 Plan. On February 23, 2011, each of the Parent's outside directors received a grant under the 2009 Plan of 3,688 RSUs. On February 16, 2012, each of the Parent's outside directors received a grant under the 2009 Plan of 6,645 RSUs. On February 27, 2013, each of the Parent's outside directors received a grant under the 2009 Plan of 3,596 RSUs. Vesting of these shares of RSUs occurs in one-third increments on each of the first three anniversaries of the award date.

RSUs outstanding under the 2000 Plan and the 2009 Plan as of December 31, 2013, and changes during each of the years in the three-year period prior to December 31, 2013, were as follows:

	Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2010	53,388	$ 26.11
Granted	22,128	37.96
Vested	(22,560)	24.68
Forfeited	-	-
Unvested at December 31, 2011	52,956	31.67
Granted	39,870	21.07
Vested	(29,940)	27.95
Forfeited	-	-
Unvested at December 31, 2012	62,886	26.72
Granted	21,576	41.71
Vested	(28,926)	29.04
Forfeited	-	-
Unvested at December 31, 2013	55,536	31.33

Under the Directors' Fees Deferral Plan, the Parent's outside directors may elect to receive share equivalent units in lieu of cash for their directors' fees. These share equivalent units are held in the plan until the director electing to receive the share equivalent units retires or otherwise terminates his/her directorship with the Parent. Share equivalent units are converted to shares of common stock of the Parent at the time of distribution based on the closing market price of the Parent's common stock on that date. The following table represents the amount of directors' fees which were deferred during each of the respective periods, and the number of share equivalent units into which such directors' fees would have converted had each of the directors who had deferred such fees retired or terminated his/her directorship with the Parent as of the end of the respective periods (in thousands, except share equivalent units):

	Year Ended December 31,		
	2013	2012	2011
Directors' fees earned and deferred into plan	$ 130	$ 110	$ 220
Share equivalent units	2,990	4,056	9,974

At December 31, 2013, a total of 31,059 share equivalent units were deferred in the plan with an aggregate fair value of $1.2 million, based on the closing market price of the Parent's common stock at December 31, 2013 of $39.27.

3. ACQUISITIONS AND DIVESTITURES

Acquisitions

The Company accounts for all transactions that represent business combinations using the acquisition method of accounting, where the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity are recognized and measured at their fair values on the date the Company obtains control in the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as provisional amounts. Adjustments to these provisional amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired, the liabilities assumed and any noncontrolling interests has been obtained, limited to one year from the acquisition date) are recorded as of the date of acquisition. Any material impact to comparative information for periods after acquisition, but before the period in which adjustments are identified, is reflected in those prior periods as if the adjustments were considered as of the acquisition date. Goodwill is determined as the excess of the fair value of the consideration conveyed in the acquisition over the fair value of the net assets acquired.

Effective July 1, 2012, one or more subsidiaries of the Company completed the acquisition of Memorial Health Systems in York, Pennsylvania. This healthcare system includes Memorial Hospital (100 licensed beds), the Surgical Center of York, and other outpatient and ancillary services. As part of this purchase agreement, the Company has agreed to spend at least $75.0 million to build a replacement hospital within five years of the closing date. The total cash consideration paid for fixed assets and working capital was approximately $45.0 million and $2.6 million, respectively, with additional consideration of $12.5 million assumed in liabilities, for a total consideration of $60.1 million. Based upon the Company's final purchase price allocation relating to this acquisition as of December 31, 2013, approximately $10.9 million of goodwill has been recorded.

Effective March 5, 2012, one or more subsidiaries of the Company completed a merger with Diagnostic Clinic of Longview, P.A., which is a multi-specialty clinic serving residents of Longview, Texas and surrounding East Texas communities. This merger was accounted for as a purchase business combination. The total cash consideration paid for the business, including net working capital, was approximately $52.3 million, with additional consideration of $6.9 million assumed in liabilities, for a total consideration of $59.2 million. Based upon the Company's final purchase price allocation relating to this acquisition, approximately $41.8 million of goodwill has been recorded.

Effective March 1, 2012, one or more subsidiaries of the Company completed the acquisition of MetroSouth Medical Center (330 licensed beds) located in Blue Island, Illinois. The total cash consideration paid for fixed assets was approximately $39.3 million with additional consideration of $5.8 million assumed in liabilities as well as a credit applied at closing of $0.9 million for negative acquired working capital, for a total consideration of $44.2 million. Based upon the Company's final purchase price allocation relating to this acquisition as of December 31, 2013, no goodwill has been recorded.

Effective January 1, 2012, one or more subsidiaries of the Company completed the acquisition of Moses Taylor Healthcare System based in Scranton, Pennsylvania, which is a healthcare system comprised of two acute care hospitals and other healthcare providers. This healthcare system includes Moses Taylor Hospital (217 licensed beds) located in Scranton, Pennsylvania, and Mid-Valley Hospital (25 licensed beds) located in Peckville, Pennsylvania. The total cash consideration paid for fixed assets and working capital was approximately $151.1 million and $13.1 million, respectively, with additional consideration of $9.4 million assumed in liabilities, for a total consideration of $173.6 million. Based upon the Company's final purchase price allocation relating to this acquisition, approximately $54.6 million of goodwill has been recorded.

Effective October 1, 2011, one or more subsidiaries of the Company completed the acquisition of Tomball Regional Hospital (358 licensed beds) located in Tomball, Texas. The total cash consideration paid for fixed assets and working capital was approximately $192.0 million and $17.5 million, respectively, with additional consideration of $15.9 million assumed in liabilities, for a total consideration of $225.4 million. Based upon the Company's final purchase price allocation relating to this acquisition, as of December 31, 2013, approximately $32.4 million of goodwill has been recorded.

Effective May 1, 2011, one or more subsidiaries of the Company completed the acquisition of Mercy Health Partners based in Scranton, Pennsylvania, which is a healthcare system comprised of two acute care hospitals, a long-term acute care facility and other healthcare providers. This healthcare system includes Regional Hospital of Scranton (198 licensed beds) located in Scranton, Pennsylvania, and Tyler Memorial Hospital (48 licensed beds) located in Tunkhannock, Pennsylvania. This healthcare system also includes a long-term acute care facility, Special Care Hospital (67 licensed beds) located in Nanticoke, Pennsylvania, as well as several outpatient clinics and other ancillary facilities. The total cash consideration paid for fixed assets was approximately $150.8 million, with additional consideration of $12.3 million assumed in liabilities as well as a credit applied at closing of $2.1 million for negative acquired working capital, for a total consideration of $161.0 million. Based upon the Company's final purchase price allocation relating to this acquisition, as of December 31, 2013, approximately $43.1 million of goodwill has been recorded.

Approximately $20.6 million, $9.9 million and $16.0 million of acquisition costs related to prospective and closed acquisitions were expensed during the years ended December 31, 2013, 2012 and 2011, respectively, and are included in other operating expenses on the consolidated statements of income. For the year ended December 31, 2013, these acquisition costs included $14.1 million of expenses related to the acquisition of Health Management Associates, Inc. ("HMA").

The table below summarizes the allocations of the purchase price (including assumed liabilities) for the above hospital acquisition transactions in 2012 (in thousands) and reflects the fact that there were no hospital acquisitions in 2013:

	2013	2012
Current assets	N/A	$ 46,207
Property and equipment	N/A	178,836
Goodwill	N/A	106,269
Intangible assets	N/A	2,522
Other long-term assets	N/A	490
Liabilities	N/A	34,463

The operating results of the foregoing transactions have been included in the accompanying consolidated statements of income from their respective dates of acquisition, including net operating revenues of $337.0 million for the year ended December 31, 2012 from hospital acquisitions that closed during 2012. The following pro forma combined summary of operations of the Company gives effect to using historical information of the operations of the hospital acquisitions in 2012 discussed above as if the transactions had occurred as of January 1, 2012 (in thousands):

	Year Ended December 31,	
	2013	2012
		(Unaudited)
Pro forma net operating revenues	$ 12,997,693	$ 13,120,413
Pro forma net income	$ 217,268	$ 258,019

There were no hospital acquisitions in 2013, so the pro forma summarized operating results for the year ended December 31, 2013 equal the operating results as reported. Pro forma adjustments to net income include adjustments to depreciation and amortization expense, net of the related tax effect, based on the estimated fair value assigned to the long-lived assets acquired, and to interest expense, net of the related tax effect, assuming the increase in long-term debt used to fund the acquisitions had occurred as of January 1, 2012. These pro forma results are not necessarily indicative of the actual results of operations.

Additionally, during the years ended December 31, 2013, 2012 and 2011, the Company paid approximately $39.7 million, $41.5 million and $57.9 million, respectively, to acquire the operating assets and related businesses of certain physician practices, clinics and other ancillary businesses that operate within the communities served by its hospitals. In connection with these acquisitions, during 2013, the Company assumed approximately $4.6 million of noncontrolling interests and allocated approximately $8.9 million of the consideration paid to property and equipment, approximately $0.3 million to net working capital and the remainder, approximately $36.2 million consisting of intangible assets that do not qualify for separate recognition, to goodwill. During 2012, the Company assumed approximately $2.0 million in net working capital liabilities and allocated approximately $10.2 million of the consideration paid to property and equipment and the remainder, approximately $33.3 million consisting of intangible assets that do not qualify for separate recognition, to goodwill. During 2011, the Company allocated approximately $13.1 million of the consideration paid to property and equipment, $2.9 million to net working capital, $1.6 million to other intangible assets and the remainder, approximately $40.3 million consisting of intangible assets that do not qualify for separate recognition, to goodwill. These acquisition transactions during the years ended December 31, 2013, 2012 and 2011 were accounted for as purchase business combinations.

Discontinued Operations

Effective February 1, 2011, the Company sold Willamette Community Medical Group, which is a physician clinic operating as Oregon Medical Group, located in Springfield, Oregon, to Oregon Healthcare Resources, LLC, for $14.6 million in cash; this business had a carrying amount of net assets, including an allocation of reporting unit goodwill, of $19.7 million.

Effective September 1, 2011, the Company sold SouthCrest Hospital, located in Tulsa, Oklahoma, Claremore Regional Hospital, located in Claremore, Oklahoma, and other related healthcare assets affiliated with those hospitals to Hillcrest Healthcare System, part of Ardent Health Services, for approximately $154.2 million in cash. The carrying amount of the net assets sold in this transaction, including an allocation of reporting unit goodwill, was approximately $193.0 million.

Effective October 22, 2011, the Company sold Cleveland Regional Medical Center, located in Cleveland, Texas, and other related healthcare assets affiliated with the hospital to New Directions Health Systems, LLC for approximately $0.9 million in cash. The carrying amount of the net assets sold in this transaction, including an allocation of reporting unit goodwill, was approximately $14.2 million.

The Company has classified the results of operations for Oregon Medical Group, SouthCrest Hospital, Claremore Regional Hospital and Cleveland Regional Hospital as discontinued operations in the accompanying consolidated statements of income for the years ended December 31, 2013, 2012 and 2011. As of December 31, 2013, no hospitals are held for sale.

Net operating revenues and loss from discontinued operations for the respective periods are as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Net operating revenues	$ -	$ -	$ 144,546
Loss from operations of entities sold before income taxes	-	(729)	(12,390)
Impairment of hospitals sold	-	-	(51,695)
Loss on sale, net	-	-	(4,301)
Loss from discontinued operations, before taxes	-	(729)	(68,386)
Income tax benefit	-	(263)	(10,115)
Loss from discontinued operations, net of taxes	$ -	$ (466)	$ (58,271)

Interest expense was allocated to discontinued operations based on sale proceeds available for debt repayment.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill are as follows (in thousands):

	Year Ended December 31,	
	2013	2012
Balance, beginning of year	$ 4,408,138	$ 4,264,845
Goodwill acquired as part of acquisitions during current year	36,245	141,277
Consideration and purchase price allocation adjustments for prior year's acquisitions and other adjustments	(248)	2,016
Balance, end of year	$ 4,444,135	$ 4,408,138

Goodwill is allocated to each identified reporting unit, which is defined as an operating segment or one level below the operating segment (referred to as a component of the entity). Management has determined that the Company's operating segments and hospital management services operations meet the criteria to be classified as reporting units. At December 31, 2013, the hospital operations reporting unit, the home care agency operations reporting unit, and the hospital management services reporting unit had approximately $4.4 billion, $43.6 million and $33.3 million, respectively, of goodwill. At December 31, 2012, the hospital operations reporting unit, the home care agency operations reporting unit, and the hospital management services reporting unit had approximately $4.3 billion, $40.5 million and $33.3 million, respectively, of goodwill.

Goodwill is evaluated for impairment at the same time every year and when an event occurs or circumstances change that, more likely than not, reduce the fair value of the reporting unit below its carrying value. There is a two-step method for determining goodwill impairment. Step one is to compare the fair value of the reporting unit with the unit's carrying amount, including goodwill. If this test indicates the fair value is less than the carrying value, then step two is required to compare the implied fair value of the reporting unit's goodwill with the carrying value of the reporting unit's goodwill. The Company performed its last annual goodwill evaluation during the fourth quarter of 2013. No impairment was indicated by this evaluation. The next annual goodwill evaluation will be performed during the fourth quarter of 2014.

The Company estimates the fair value of the related reporting units using both a discounted cash flow model as well as an EBITDA multiple model. The cash flow forecasts are adjusted by an appropriate discount rate based on the Company's estimate of a market participant's weighted-average cost of capital. These models are both based on the Company's best estimate of future revenues and operating costs and are reconciled to the Parent's consolidated market capitalization, with consideration of the amount a potential acquirer would be required to pay, in the form of a control premium, in order to gain sufficient ownership to set policies, direct operations and control management decisions.

Approximately $1.2 million of intangible assets other than goodwill were acquired during the year ended December 31, 2013. The gross carrying amount of the Company's other intangible assets subject to amortization was $50.9 million at December 31, 2013 and $61.9 million at December 31, 2012, and the net carrying amount was $20.5 million at December 31, 2013 and $26.3 million at December 31, 2012. The carrying amount of the Company's other intangible assets not subject to amortization was $49.6 million and $48.1 million at December 31, 2013 and 2012, respectively. Other intangible assets are included in other assets, net on the Company's consolidated balance sheets. Substantially all of the Company's intangible assets are contract-based intangible assets related to operating licenses, management contracts, or non-compete agreements entered into in connection with prior acquisitions.

The weighted-average amortization period for the intangible assets subject to amortization is approximately eight years. There are no expected residual values related to these intangible assets. Amortization expense on these intangible assets was $5.6 million, $7.5 million and $8.1 million during the years ended December 31, 2013, 2012, and 2011, respectively. Amortization expense on intangible assets is estimated to be $3.8 million in 2014, $3.3 million in 2015, $2.5 million in 2016, $2.2 million in 2017, $2.0 million in 2018 and $6.7 million thereafter.

The gross carrying amount of capitalized software for internal use was approximately $987.5 million and $654.4 million at December 31, 2013 and 2012, respectively, and the net carrying amount considering accumulated amortization was approximately $559.5 million and $354.4 million at December 31, 2013 and 2012, respectively. The estimated amortization period for capitalized internal-use software is generally three years, except for capitalized costs related to significant system conversions, which is generally eight to ten years. There is no expected residual value for capitalized internal-use software. At December 31, 2013, there was approximately $141.8 million of capitalized costs for internal-use software that is currently in the development stage and will begin amortization once the software project is complete and ready for its intended use. Amortization expense on capitalized internal-use software was $140.6 million, $100.7 million and $70.5 million during the years ended December 31, 2013, 2012 and 2011, respectively. Amortization expense on capitalized internal-use software is estimated to be $143.5 million in 2014, $122.0 million in 2015, $94.2 million in 2016, $44.9 million in 2017, $38.1 million in 2018 and $116.8 million thereafter.

5. INCOME TAXES

The Parent is the tax paying entity. However, as the Parent has no operations, the provision for income taxes and all tax related accounts have been pushed down to the Company.

The provision for income taxes for income from continuing operations consists of the following (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Current:			
Federal	$ 14,674	$ 94,080	$ 23,020
State	4,636	10,015	7,601
	19,310	104,095	30,621
Deferred:			
Federal	58,331	56,487	105,771
State	10,953	(3,080)	1,261
	69,284	53,407	107,032
Total provision for income taxes for income from continuing operations	$ 88,594	$ 157,502	$ 137,653

The following table reconciles the differences between the statutory federal income tax rate and the effective tax rate (dollars in thousands):

	Year Ended December 31,					
	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Provision for income taxes at statutory federal rate	$ 107,052	35.0 %	$ 176,320	35.0 %	$ 165,741	35.0 %
State income taxes, net of federal income tax benefit	9,560	3.1	12,293	2.4	8,212	1.7
Release of unrecognized tax benefit	-	-	-	-	(6,509)	(1.3)
Net income attributable to noncontrolling interests	(26,623)	(8.7)	(28,057)	(5.6)	(26,486)	(5.6)
Change in valuation allowance	-	-	(1,233)	(0.2)	-	-
Federal and state tax credits	(3,972)	(1.3)	(2,185)	(0.4)	(3,788)	(0.8)
Other	2,577	0.9	364	0.1	483	0.1
Provision for income taxes and effective tax rate for income from continuing operations	$ 88,594	29.0 %	$ 157,502	31.3 %	$ 137,653	29.1 %

Deferred income taxes are based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities under the provisions of the enacted tax laws. Deferred income taxes as of December 31, 2013 and 2012 consist of (in thousands):

	December 31,			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Net operating loss and credit carryforwards	$ 186,519	$ -	$ 170,521	$ -
Property and equipment	-	820,035	-	762,387
Self-insurance liabilities	125,367	-	124,842	-
Intangibles	-	244,019	-	222,392
Investments in unconsolidated affiliates	-	60,257	-	64,170
Other liabilities	-	23,767	-	22,468
Long-term debt and interest	-	21,256	-	28,920
Accounts receivable	-	86,044	-	38,503
Accrued expenses	53,011	-	55,203	-
Other comprehensive income	47,265	-	102,242	-
Stock-based compensation	22,813	-	31,504	-
Deferred compensation	73,042	-	58,509	-
Other	110,813	-	65,887	-
	618,830	1,255,378	608,708	1,138,840
Valuation allowance	(171,364)	-	(161,312)	-
Total deferred income taxes	$ 447,466	$ 1,255,378	$ 447,396	$ 1,138,840

The Company believes that the net deferred tax assets will ultimately be realized, except as noted below. Its conclusion is based on its estimate of future taxable income and the expected timing of temporary difference reversals. The Company has state net operating loss carry forwards of approximately $5.5 billion, which expire from 2014 to 2033. The Company also has unrecognized deferred tax assets primarily related to interest expense that are included in other comprehensive income. If recognized, additional state net operating losses will be created which the Company does not expect to be able to utilize prior to the expiration of the carryforward period. A valuation allowance of approximately $9.0 million has been recognized for those items. With respect to the deferred tax liability pertaining to intangibles, as included above, goodwill purchased in connection with certain of the Company's business acquisitions is amortizable for income tax reporting purposes. However, for financial reporting purposes, there is no corresponding amortization allowed with respect to such purchased goodwill.

The valuation allowance increased by $10.1 million during the year ended December 31, 2013 and increased by $11.1 million during the year ended December 31, 2012. In addition to amounts previously discussed, the change in valuation allowance relates to a redetermination of the amount of, and realizability of, net operating losses and credits in certain income tax jurisdictions.

The total amount of unrecognized benefit that would affect the effective tax rate, if recognized, was approximately $0.7 million as of December 31, 2013. A total of approximately $0.4 million of interest and penalties is included in the amount of the liability for uncertain tax positions at December 31, 2013. It is the Company's policy to recognize interest and penalties related to unrecognized benefits in its consolidated statements of income as income tax expense. During the year ended December 31, 2013, the Company decreased liabilities for uncertain tax positions by $0.2 million. It is the Company's policy to recognize interest and penalties related to unrecognized benefits in its consolidated statements of income as income tax expense.

It is possible the amount of unrecognized tax benefit could change in the next twelve months as a result of a lapse of the statute of limitations and settlements with taxing authorities; however, the Company does not anticipate the change will have a material impact on its consolidated financial statements.

The following is a tabular reconciliation of the total amount of unrecognized tax benefit for the years ended December 31, 2013, 2012 and 2011 (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Unrecognized tax benefit, beginning of year	$ 682	$ 629	$ 7,458
Gross increases — tax positions in prior period	195	1,515	349
Reductions — tax positions in prior period	-	-	(3,469)
Lapse of statute of limitations	-	-	(3,575)
Settlements	(402)	(1,462)	(134)
Unrecognized tax benefit, end of year	$ 475	$ 682	$ 629

The Parent, or one of its subsidiaries, files income tax returns in the United States federal jurisdiction and various state jurisdictions. The Parent has extended the federal statute of limitations through December 31, 2014 for Triad Hospitals, Inc. ("Triad") for the tax periods ended December 31, 1999, December 31, 2000, April 30, 2001, June 30, 2001, December 31, 2001, December 31, 2002, December 31, 2003, December 31, 2004, December 31, 2005, December 31, 2006 and July 25, 2007. With few exceptions, the Parent is no longer subject to state income tax examinations for years prior to 2010. The Parent's federal income tax returns for the 2009 and 2010 tax years are currently under examination by the Internal Revenue Service ("IRS"). The Parent believes the results of these examinations will not be material to its consolidated results of operations or consolidated financial position. During the year ended December 31, 2013, the IRS concluded its examination of the federal tax return of Community Health Systems, Inc. for the tax periods ended December 31, 2007 and 2008. The results of these examinations did not have a material effect on the Parent's consolidated results of operations or consolidated financial position. The Parent has extended the federal statute of limitations through December 31, 2014 for Community Health Systems, Inc. for the tax periods ended December 31, 2007 and 2008, and through July 18, 2014 for the tax period ended December 31, 2009.

Cash paid for income taxes, net of refunds received, resulted in net cash paid of $72.8 million, $55.6 million and $26.5 million during the years ended December 31, 2013, 2012 and 2011, respectively.

6. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	December 31, 2013	December 31, 2012
Credit Facility:		
Term loan A	$ 637,500	$ 712,500
Term loan B	3,412,584	3,619,062
Revolving credit loans	-	-
8% Senior Notes due 2019	2,020,346	2,022,829
7⅛% Senior Notes due 2020	1,200,000	1,200,000
5⅛% Senior Secured Notes due 2018	1,600,000	1,600,000
Receivables Facility	500,000	300,000
Capital lease obligations	46,066	47,951
Other	36,901	38,963
Total debt	9,453,397	9,541,305
Less current maturities	(166,902)	(89,911)
Total long-term debt	$ 9,286,495	$ 9,451,394

Credit Facility

The Company obtained senior secured financing under a credit facility (the "Credit Facility") with a syndicate of financial institutions led by Credit Suisse, as administrative agent and collateral agent. The Credit Facility includes a $750 million revolving credit facility for working capital and general corporate purposes. The revolving credit facility also includes a subfacility for letters of credit and a swingline subfacility. The Credit Facility requires quarterly amortization payments of each term loan B facility equal to 0.25% of the outstanding amount of such term loans. On November 5, 2010, the Company entered into an amendment and restatement of the Credit Facility. The amendment extended by two and a half years, until January 25, 2017, the maturity date of $1.5 billion of the existing term loans under the Credit Facility and increased the pricing on these term loans to LIBOR plus 350 basis points. The amendment also increased the Company' ability to issue additional indebtedness under the uncommitted incremental facility to $1.0 billion from $600 million, permitted the Company to issue term loan A loans under the incremental facility, and provided up to $2.0 billion of borrowing capacity from receivable transactions, an increase of $0.5 billion, of which approximately $1.7 billion would be required to be used for repayment of existing term loans. On February 2, 2012, the Company completed a second amendment and restatement of the Credit Facility to extend an additional $1.6 billion of the term loans due 2014 under the Credit Facility to match the maturity date and interest rate margins of the term loans due January 25, 2017.

On August 3, 2012, the Company entered into Amendment No. 1 to the Credit Facility to provide increased flexibility for refinancing and repayment of the term loans due 2014 and amend certain other terms. On August 17, 2012, the Company made a prepayment of $1.6 billion on the term loans due July 25, 2014, utilizing the proceeds from the issuance of $1.6 billion of 5⅛% Senior Secured Notes due 2018. On August 22, 2012, the Company entered into a loan modification agreement with respect to the Credit Facility to extend approximately $340 million of the term loans due 2014 to match the maturity date and interest rate margins of the term loans due January 25, 2017.

On November 27, 2012, the Company entered into Amendment No. 2 to the Credit Facility to provide increased flexibility for the Company to make investments and restricted payments, incur debt related to acquisitions, amend certain other terms of the Credit Facility, including the maximum leverage ratio and interest coverage ratio financial coverage levels, and add a one year 1% prepayment premium payable in connection with a repricing of the term loans due in 2017. During the year ended December 31, 2013, the Company paid down $206.5 million of the term loans due 2014. The remaining balance of the non-extended term loans due 2014 at December 31, 2013 of approximately $59.6 million was paid as part of the financing for the HMA merger on January 27, 2014.

On August 12, 2013, the Company entered into Amendment No. 3 to the Credit Facility to provide increased flexibility for the Company to incur debt by amending certain terms of the Credit Facility, including the maximum leverage ratio and secured leverage ratio covenant levels. In addition, the amendment includes pricing protection for certain term loans due January 25, 2017, which specifies an increased margin in certain instances. The amendment also provides for a total leverage-based step-up to the applicable margin of the term loans due January 25, 2017 and the term loans due July 25, 2014. The pricing of the loans under the Credit Facility will otherwise remain unchanged.

Effective March 6, 2012, the Company obtained a new $750 million senior secured revolving credit facility (the "Replacement Revolver Facility") and a new $750 million incremental term loan A facility (the "Incremental Term Loan") subject to the terms and conditions set forth in the Credit Facility. The Replacement Revolver Facility replaced in full the existing revolving credit facility under the Credit Facility. The net proceeds of the Incremental Term Loan were used to repay the same amount of the existing term loans under the Credit Facility. Both the Replacement Revolver Facility and the Incremental Term Loan have a maturity date of October 25, 2016, subject to customary acceleration events and to earlier maturity if the repayment, extension or refinancing with longer maturity debt of substantially all of the Company's then outstanding term loans maturing July 25, 2014 and the now fully redeemed 8⅞% Senior Notes does not occur by April 25, 2014. The pricing on each of the Replacement Revolver Facility and the Incremental Term Loan is initially LIBOR plus a margin of 250 basis points, subject to adjustment based on the Company's leverage ratio. The Incremental Term Loan amortizes at 5% in year one, 10% in years two and three, 15% in year four and 60% in year five.

The term loan facility must be prepaid in an amount equal to (1) 100% of the net cash proceeds of certain asset sales and dispositions by the Company and its subsidiaries, subject to certain exceptions and reinvestment rights, (2) 100% of the net cash proceeds of issuances of certain debt obligations or receivables-based financing by the Company and its subsidiaries, subject to certain exceptions, and (3) 50%, subject to reduction to a lower percentage based on the Company's leverage ratio (as defined in the Credit Facility generally as the ratio of total debt on the date of determination to the Company's EBITDA, as defined, for the four quarters most recently ended prior to such date), of excess cash flow (as defined) for any year, commencing in 2008, subject to certain exceptions. Voluntary prepayments and commitment reductions are permitted in whole or in part, without any premium or penalty, subject to minimum prepayment or reduction requirements.

The obligor under the Credit Facility is the Company. All of the obligations under the Credit Facility are unconditionally guaranteed by the Parent and certain of its existing and subsequently acquired or organized domestic subsidiaries. All obligations under the Credit Facility and the related guarantees are secured by a perfected first priority lien or security interest in substantially all of the assets of the Parent , the Company and each subsidiary guarantor, including equity interests held by the Parent, the Company or any subsidiary guarantor, but excluding, among others, the equity interests of non-significant subsidiaries, syndication subsidiaries, securitization subsidiaries and joint venture subsidiaries.

The loans under the Credit Facility bear interest on the outstanding unpaid principal amount at a rate equal to an applicable percentage plus, at the Company's option, either (a) an Alternate Base Rate (as defined) determined by reference to the greater of (1) the Prime Rate (as defined) announced by Credit Suisse or (2) the Federal Funds Effective Rate (as defined) plus 0.50% or (3) the adjusted London Interbank Offered Rate ("LIBOR") on such day for a three-month interest period commencing on the second business day after such day plus 1%, or (b) a reserve adjusted LIBOR for dollars (Eurodollar rate) (as defined). The applicable percentage for Alternate Base Rate loans is 1.25% for term loans due 2014 and is 2.50% for term loans due 2017. The applicable percentage for Eurodollar rate loans is 2.25% for term loans due 2014 and 3.50% for term loans due 2017. The applicable percentage for revolving loans and the Incremental Term Loan is 1.50% for Alternate Base Rate loans and 2.50% for Eurodollar loans. The applicable percentage for the loans under the Credit Facility is subject to adjustment based on the Company's leverage ratio. Loans under the swingline subfacility bear interest at the rate applicable to Alternate Base Rate loans under the Credit Facility.

The Company has agreed to pay letter of credit fees equal to the applicable percentage then in effect with respect to Eurodollar rate loans under the revolving credit facility times the maximum aggregate amount available to be drawn under all letters of credit outstanding under the subfacility for letters of credit. The issuer of any letter of credit issued under the subfacility for letters of credit will also receive a customary fronting fee and other customary processing charges. The Company is obligated to pay commitment fees of 0.50% per annum (subject to reduction based upon the Company's leverage ratio) on the unused portion of the revolving credit facility. For purposes of this calculation, swingline loans are not treated as usage of the revolving credit facility.

The Credit Facility contains customary representations and warranties, subject to limitations and exceptions, and customary covenants restricting the Company's and its subsidiaries' ability, subject to certain exceptions, to, among other things (1) declare dividends, make distributions or redeem or repurchase capital stock, (2) prepay, redeem or repurchase other debt, (3) incur liens or grant negative pledges, (4) make loans and investments and enter into acquisitions and joint ventures, (5) incur additional indebtedness or provide certain guarantees, (6) make capital expenditures, (7) engage in mergers, acquisitions and asset sales, (8) conduct transactions with affiliates, (9) alter the nature of the Company's businesses, (10) grant certain guarantees with respect to physician practices, (11) engage in sale and leaseback transactions or (12) change the Company's fiscal year. The Company is also required to comply with specified financial covenants (consisting of a leverage ratio and an interest coverage ratio) and various affirmative covenants.

Events of default under the Credit Facility include, but are not limited to, (1) the Company's failure to pay principal, interest, fees or other amounts under the credit agreement when due (taking into account any applicable grace period), (2) any representation or warranty proving to have been materially incorrect when made, (3) covenant defaults subject, with respect to certain covenants, to a grace period, (4) bankruptcy events, (5) a cross default to certain other debt, (6) certain undischarged judgments (not paid within an applicable grace period), (7) a change of control, (8) certain ERISA-related defaults and (9) the invalidity or impairment of specified security interests, guarantees or subordination provisions in favor of the administrative agent or lenders under the Credit Facility.

As of December 31, 2013, the availability for additional borrowings under the Credit Facility was approximately $750.0 million pursuant to the Replacement Revolver Facility, of which $19.4 million was set aside for outstanding letters of credit. The Company has the ability to amend the Credit Facility to provide for one or more tranches of term loans in an aggregate principal amount of $1.0 billion, which the Company has not yet accessed. As of December 31, 2013, the weighted-average interest rate under the Credit Facility, excluding swaps, was 3.9%.

As of December 31, 2013, the term loans are scheduled to be paid with principal payments for future years as follows (in thousands):

Year		Amount
2014	$	152,050
2015		147,336
2016		484,836
2017		3,265,862
2018		-
Thereafter		-
Total	$	4,050,084

See Note 15 for a description and revised maturities of the term loans under the amended and restated Credit Facility in conjunction with the HMA merger.

As of December 31, 2013 and 2012, the Company had letters of credit issued, primarily in support of potential insurance-related claims and certain bonds, of approximately $19.4 million and $37.8 million, respectively.

8⅞% Senior Notes due 2015

On July 25, 2007, the Company completed its offering of approximately $3.0 billion aggregate principal amount of 8⅞% Senior Notes due 2015 (the "8⅞% Senior Notes"), which were issued in a private placement. The 8⅞% Senior Notes were to mature on July 15, 2015. The 8⅞% Senior Notes bore interest at the rate of 8.875% per annum, payable semiannually in arrears on January 15 and July 15, commencing January 15, 2008. Interest on the 8⅞% Senior Notes accrued from the date of original issuance. Interest was calculated on the basis of a 360-day year comprised of twelve 30-day months.

Pursuant to a registration rights agreement entered into at the time of the issuance of the 8⅞% Senior Notes, as a result of an exchange offer made by the Company, substantially all of the 8⅞% Senior Notes issued in July 2007 were exchanged in November 2007 for new notes (the "8⅞% Exchange Notes") having terms substantially identical in all material respects to the 8⅞% Senior Notes (except that the 8⅞% Exchange Notes were issued under a registration statement pursuant to the 1933 Act). References to the 8⅞% Senior Notes shall also be deemed to include the 8⅞% Exchange Notes unless the context provides otherwise.

On March 21, 2012, the Company completed the cash tender offer for $850 million of the then $1.8 billion aggregate outstanding principal amount of the 8⅞% Senior Notes.

On July 18, 2012, the Company completed the cash tender offer for $639.7 million of the then $934.3 million aggregate outstanding principal amount of the 8⅞% Senior Notes. On August 17, 2012, pursuant to its redemption option, the Company redeemed the remaining $294.6 million outstanding principal of the 8⅞% Senior Notes.

8% Senior Notes due 2019

On November 22, 2011, the Company completed its offering of $1.0 billion aggregate principal amount of 8% Senior Notes due 2019 (the "8% Senior Notes"), which were issued in a private placement. The net proceeds from this issuance, together with available cash on hand, were used to finance the purchase of up to $1.0 billion aggregate principal amount of the Company's then outstanding 8⅞% Senior Notes and related fees and expenses. On March 21, 2012, the Company completed the secondary offering of $1.0 billion aggregate principal amount of 8% Senior Notes, which were issued in a private placement (at a premium of 102.5%). The net proceeds from this issuance were used to finance the purchase of approximately $850 million aggregate principal amount of the Company's then outstanding 8⅞% Senior Notes, to pay related fees and expenses and for general corporate purposes. The 8% Senior Notes bear interest at 8% per annum, payable semiannually in arrears on May 15 and November 15, commencing May 15, 2012. Interest on the 8% Senior Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as set forth below, the Company is not entitled to redeem the 8% Senior Notes prior to November 15, 2015.

Prior to November 15, 2014, the Company is entitled, at its option, to redeem a portion of the 8% Senior Notes (not to exceed 35% of the outstanding principal amount) at a redemption price equal to 108% of the principal amount of the notes redeemed plus accrued and unpaid interest, with the proceeds from certain public equity offerings. Prior to November 15, 2015, the Company may redeem some or all of the 8% Senior Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in the 8% Senior Notes indenture. On and after November 15, 2015, the Company is entitled, at its option, to redeem all or a portion of the 8% Senior Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

Period	Redemption Price
November 15, 2015 to November 14, 2016	104.000 %
November 15, 2016 to November 14, 2017	102.000 %
November 15, 2017 to November 15, 2019	100.000 %

Pursuant to a registration rights agreement entered into at the time of the issuance of the 8% Senior Notes, as a result of an exchange offer made by the Company, substantially all of the 8% Senior Notes issued in November 2011 and March 2012 were exchanged in May 2012 for new notes (the "8% Exchange Notes") having terms substantially identical in all material respects to the 8% Senior Notes (except that the 8% Exchange Notes were issued under a registration statement pursuant to the 1933 Act). References to the 8% Senior Notes shall also be deemed to include the 8% Exchange Notes unless the context provides otherwise.

7⅛% Senior Notes due 2020

On July 18, 2012, the Company completed an underwritten public offering under its automatic shelf registration filed with the SEC of $1.2 billion aggregate principal amount of 7⅛% Senior Notes due 2020 (the "7⅛% Senior Notes"). The net proceeds from this issuance were used to finance the purchase or redemption of $934.3 million aggregate principal amount plus accrued interest of the Company's outstanding 8⅞% Senior Notes, to pay for consents delivered in connection therewith, to pay related fees and expenses, and for general corporate purposes. The 7⅛% Senior Notes bear interest at 7.125% per annum, payable semiannually in arrears on July 15 and January 15, commencing January 15, 2013. Interest on the 7⅛% Senior Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as set forth below, the Company is not entitled to redeem the 7⅛% Senior Notes prior to July 15, 2016.

Prior to July 15, 2015, the Company is entitled, at its option, to redeem a portion of the 7⅛% Senior Notes (not to exceed 35% of the outstanding principal amount) at a redemption price equal to 107.125% of the principal amount of the notes redeemed plus accrued and unpaid interest, with the proceeds from certain public equity offerings. Prior to July 15, 2016, the Company may redeem some or all of the 7⅛% Senior Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in the 7⅛% Senior Notes indenture. On and after July 15, 2016, the Company is entitled, at its option, to redeem all or a portion of the 7⅛% Senior Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

Period	Redemption Price
July 15, 2016 to July 14, 2017	103.563 %
July 15, 2017 to July 14, 2018	101.781 %
July 15, 2018 to July 15, 2020	100.000 %

5⅛% Senior Secured Notes due 2018

On August 17, 2012, the Company completed an underwritten public offering under its automatic shelf registration filed with the SEC of $1.6 billion aggregate principal amount of 5⅛% Senior Secured Notes due 2018 (the "5⅛% Senior Secured Notes"). The net proceeds from this issuance, together with available cash on hand, were used to finance the prepayment of $1.6 billion of the outstanding term loans due 2014 under the Credit Facility and related fees and expenses. The 5⅛% Senior Secured Notes bear interest at 5.125% per annum, payable semiannually in arrears on August 15 and February 15, commencing February 15, 2013. Interest on the 5⅛% Senior Secured Notes accrues from the date of original issuance. Interest is calculated on the basis of a 360-day year comprised of twelve 30-day months. The 5⅛% Senior Secured Notes are secured by a first-priority lien subject to a shared lien of equal priority with certain other obligations, including obligations under the Credit Facility, and subject to prior ranking liens permitted by the indenture governing the 5⅛% Senior Secured Notes on substantially the same assets, subject to certain exceptions, that secure the Company's obligations under the Credit Facility.

Except as set forth below, the Company is not entitled to redeem the 5⅛% Senior Secured Notes prior to August 15, 2015.

Prior to August 15, 2015, the Company is entitled, at its option, to redeem a portion of the 5⅛% Senior Secured Notes (not to exceed 35% of the outstanding principal amount) at a redemption price equal to 105.125% of the principal amount of the notes redeemed plus accrued and unpaid interest, with the proceeds from certain public equity offerings. Prior to August 15, 2015, the Company may redeem some or all of the 5⅛% Senior Secured Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium, as described in the 5⅛% Senior Secured Notes indenture. On and after August 15, 2015, the Company is entitled, at its option, to redeem all or a portion of the 5⅛% Senior Secured Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below:

Period	Redemption Price
August 15, 2015 to August 14, 2016	102.563 %
August 15, 2016 to August 14, 2017	101.281 %
August 15, 2017 to August 15, 2018	100.000 %

Receivables Facility

On March 21, 2012, the Company and certain of its subsidiaries entered into an accounts receivable loan agreement (the "Receivables Facility") with a group of lenders and banks, Credit Agricolé Corporate and Investment Bank, as a managing agent and as the administrative agent, and The Bank of Nova Scotia, as a managing agent. On March 7, 2013, the Company and certain of its subsidiaries amended the Receivables Facility to add an additional managing agent, The Bank of Tokyo-Mitsubishi UFJ, Ltd., to increase the size of the facility from $300 million to $500 million and to extend the scheduled termination date. Additional subsidiaries of the Company also agreed to participate in the Receivables Facility as of that date. The existing and future non-self pay patient-related accounts receivable (the "Receivables") for certain of the Company's hospitals serves as collateral for the outstanding borrowings under the Receivables Facility. The interest rate on the borrowings is based on the commercial paper rate plus an applicable interest rate spread. Unless earlier terminated or subsequently extended pursuant to its terms, the Receivables Facility will expire on March 21, 2015, subject to customary termination events that could cause an early termination date. The Company maintains effective control over the Receivables because, pursuant to the terms of the Receivables Facility, the Receivables are sold from certain of the Company's subsidiaries to the Company, which then sells or contributes the Receivables to a special-purpose entity that is wholly-owned by the Company. The wholly-owned special-purpose entity in turn grants security interests in the Receivables in exchange for borrowings obtained from the group of third-party lenders and banks of up to $500 million outstanding from time to time based on the availability of eligible Receivables and other customary factors. The group of third-party lenders and banks do not have recourse to the Company or its subsidiaries beyond the assets of the wholly-owned special-purpose entity that collateralizes the loan. The Receivables and other assets of the wholly-owned special-purpose entity will be available first and foremost to satisfy the claims of the creditors of such entity. The outstanding borrowings pursuant to the Receivables Facility at December 31, 2013 totaled $500.0 million and are classified as long-term debt on the consolidated balance sheet. At December 31, 2013, the carrying amount of Receivables included in the Receivables Facility totaled approximately $1.0 billion and is included in patient accounts receivable on the consolidated balance sheet.

Loss from Early Extinguishment of Debt

The financing transactions discussed above resulted in a loss from early extinguishment of debt of $1.3 million, $115.5 million and $66.0 million for the years ended December 31, 2013, 2012 and 2011, respectively, and an after-tax loss of $0.8 million, $71.8 million and $42.0 million for years ended December 31, 2013, 2012 and 2011, respectively.

Other Debt

As of December 31, 2013, other debt consisted primarily of the mortgage obligation on the Company's corporate headquarters and other obligations maturing in various installments through 2020.

To limit the effect of changes in interest rates on a portion of the Company's long-term borrowings, the Company is a party to 14 separate interest swap agreements in effect at December 31, 2013, with an aggregate notional amount of $2.0 billion, and two forward-starting swap agreements with an aggregate notional amount of $400 million. On each of these swaps, the Company receives a variable rate of interest based on the three-month LIBOR in exchange for the payment of a fixed rate of interest. The Company currently pays, on a quarterly basis, a margin above LIBOR of 225 basis points for the outstanding balance of term loans due in 2014, 250 basis points for the Replacement Revolver Facility and the Incremental Term Loan and 350 basis points for term loans due in 2017 under the Credit Facility. See Note 7 for additional information regarding these swaps.

As of December 31, 2013, the scheduled maturities of long-term debt outstanding, including capital lease obligations for each of the next five years and thereafter are as follows (in thousands):

Year		Amount
2014	$	166,902
2015		654,874
2016		488,902
2017		3,287,695
2018		1,603,565
Thereafter		3,231,113
Total maturities		9,433,051
Plus unamortized note premium		20,346
Total long-term debt	$	9,453,397

The Company paid interest of $582.8 million, $594.3 million and $680.7 million on borrowings during the years ended December 31, 2013, 2012 and 2011, respectively.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments has been estimated by the Company using available market information as of December 31, 2013 and 2012, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts the Company could realize in a current market exchange (in thousands):

	December 31,			
	2013		2012	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:				
Cash and cash equivalents	$ 373,403	$ 373,403	$ 387,813	$ 387,813
Available-for-sale securities	64,869	64,869	56,376	56,376
Trading securities	37,999	37,999	34,696	34,696
Liabilities:				
Credit Facility	4,050,084	4,084,983	4,331,562	4,357,910
8% Senior Notes	2,020,346	2,172,440	2,022,829	2,185,220
7⅛% Senior Notes	1,200,000	1,245,720	1,200,000	1,285,848
5⅛% Senior Secured Notes	1,600,000	1,662,160	1,600,000	1,674,480
Receivables Facility and other debt	536,901	536,901	338,963	338,963

The estimated fair value is determined using the methodologies discussed below in accordance with accounting standards related to the determination of fair value based on the U.S. GAAP fair value hierarchy as discussed in Note 8. The estimated fair value for financial instruments with a fair value that does not equal its carrying value is considered a Level 1 valuation. The Company utilizes the market approach and obtains indicative pricing from the administrative agent to the Credit Facility to determine fair values, which are validated through publicly available subscription services such as Bloomberg where relevant.

Cash and cash equivalents. The carrying amount approximates fair value due to the short-term maturity of these instruments (less than three months).

Available-for-sale securities. Estimated fair value is based on closing price as quoted in public markets.

Trading securities. Estimated fair value is based on closing price as quoted in public markets.

Credit Facility. Estimated fair value is based on information from the Company's bankers regarding relevant pricing for trading activity among the Company's lending institutions.

8% Senior Notes. Estimated fair value is based on the average bid and ask price as quoted by the bank who served as underwriters in the sale of these notes.

7⅛% Senior Notes. Estimated fair value is based on the average bid and ask price as quoted by the bank who served as underwriters in the sale of these notes.

5⅛% Senior Secured Notes. Estimated fair value is based on the average bid and ask price as quoted by the bank who served as underwriters in the sale of these notes.

Receivables Facility and other debt. The carrying amount of the Receivables Facility and all other debt approximates fair value due to the nature of these obligations.

Interest rate swaps. The fair value of interest rate swap agreements is the amount at which they could be settled, based on estimates calculated by the Company using a discounted cash flow analysis based on observable market inputs and validated by comparison to estimates obtained from the counterparty. The Company incorporates credit valuation adjustments ("CVAs") to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. In adjusting the fair value of its interest rate swap agreements for the effect of nonperformance or credit risk, the Company has considered the impact of any netting features included in the agreements.

The Company assesses the effectiveness of its hedge instruments on a quarterly basis. For the years ended December 31, 2013 and 2012, the Company completed an assessment of the cash flow hedge instruments and determined the hedges to be highly effective. The Company has also determined that the ineffective portion of the hedges do not have a material effect on the Company's consolidated financial position, operations or cash flows. The counterparties to the interest rate swap agreements expose the Company to credit risk in the event of nonperformance. However, at December 31, 2013, since the majority of the swap agreements entered into by the Company were in a net liability position so that the Company would be required to make the net settlement payments to the counterparties; the Company does not anticipate nonperformance by those counterparties. The Company does not hold or issue derivative financial instruments for trading purposes.

Interest rate swaps consisted of the following at December 31, 2013:

Swap #	Notional Amount (in thousands)	Fixed Interest Rate	Termination Date	Fair Value (in thousands)
1	$ 100,000	5.231 %	July 25, 2014	$ 2,818
2	100,000	5.231 %	July 25, 2014	2,818
3	200,000	5.160 %	July 25, 2014	5,556
4	75,000	5.041 %	July 25, 2014	2,033
5	125,000	5.022 %	July 25, 2014	3,374
6	100,000	2.621 %	July 25, 2014	1,336
7	100,000	3.110 %	July 25, 2014	1,613
8	100,000	3.258 %	July 25, 2014	1,697
9	200,000	2.693 %	October 26, 2014	3,977
10	300,000	3.447 %	August 8, 2016	21,597
11	200,000	3.429 %	August 19, 2016	14,403
12	100,000	3.401 %	August 19, 2016	7,130
13	200,000	3.500 %	August 30, 2016	14,884
14	100,000	3.005 %	November 30, 2016	6,376
15	200,000	2.055 %	July 25, 2019	(954)[1]
16	200,000	2.059 %	July 25, 2019	(895)[2]

(1) This interest rate swap becomes effective July 25, 2014.
(2) This interest rate swap becomes effective July 25, 2014.

The Company is exposed to certain risks relating to its ongoing business operations. The risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate fluctuation risk associated with the term loans in the Credit Facility. Companies are required to recognize all derivative instruments as either assets or liabilities at fair value in the consolidated statement of financial position. The Company designates its interest rate swaps as cash flow hedges. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or periods during which the hedged transactions affect earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

Assuming no change in December 31, 2013 interest rates, approximately $57.1 million of interest expense resulting from the spread between the fixed and floating rates defined in each interest rate swap agreement will be recognized during the next 12 months. If interest rate swaps do not remain highly effective as a cash flow hedge, the derivatives' gains or losses resulting from the change in fair value reported through OCI will be reclassified into earnings.

The following tabular disclosure provides the amount of pre-tax loss recognized as a component of OCI during the years ended December 31, 2013 and 2012 (in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Pre-Tax Loss Recognized in OCI (Effective Portion) Year Ended December 31, 2013	2012
Interest rate swaps	$ (5,970)	$ (69,020)

The following tabular disclosure provides the location of the effective portion of the pre-tax loss reclassified from accumulated other comprehensive loss ("AOCL") into interest expense on the consolidated statements of income during the years ended December 31, 2013 and 2012 (in thousands):

Location of Loss Reclassified from AOCL into Income (Effective Portion)	Amount of Pre-Tax Loss Reclassified from AOCL into Income (Effective Portion) Year Ended December 31, 2013	2012
Interest expense, net	$ 99,808	$ 141,648

The fair values of derivative instruments in the consolidated balance sheets as of December 31, 2013 and 2012 were as follows (in thousands):

	Asset Derivatives				Liability Derivatives			
	December 31, 2013		December 31, 2012		December 31, 2013		December 31, 2012	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments	Other assets, net	$ -	Other assets, net	$ -	Other long-term liabilities	$ 87,763	Other long-term liabilities	$ 181,600

8. FAIR VALUE

Fair Value Hierarchy

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the Company utilizes the U.S. GAAP fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The inputs used to measure fair value are classified into the following fair value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Company's own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment of factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of December 31, 2013 and 2012 (in thousands):

	December 31, 2013	Level 1	Level 2	Level 3
Available-for-sale securities	$ 64,869	$ 64,869	$ -	$ -
Trading securities	37,999	37,999	-	-
Total assets	$ 102,868	$ 102,868	$ -	$ -
Fair value of interest rate swap agreements	$ 87,763	$ -	$ 87,763	$ -
Total liabilities	$ 87,763	$ -	$ 87,763	$ -

	December 31, 2012	Level 1	Level 2	Level 3
Available-for-sale securities	$ 56,376	$ 56,376	$ -	$ -
Trading securities	34,696	34,696	-	-
Total assets	$ 91,072	$ 91,072	$ -	$ -
Fair value of interest rate swap agreements	$ 181,600	$ -	$ 181,600	$ -
Total liabilities	$ 181,600	$ -	$ 181,600	$ -

Available-for-sale securities and trading securities classified as Level 1 are measured using quoted market prices.

The valuation of the Company's interest rate swap agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses observable market-based inputs, including forward interest rate curves. The fair value of interest rate swap agreements are determined by netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on the expectation of future interest rates based on observable market forward interest rate curves and the notional amount being hedged.

The Company incorporates CVAs to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. In adjusting the fair value of its interest rate swap agreements for the effect of nonperformance or credit risk, the Company has considered the impact of any netting features included in the agreements. The CVA on the Company's interest rate swap agreements at December 31, 2013 resulted in a decrease in the fair value of the related liability of $0.9 million and an after-tax adjustment of $0.6 million to OCI. The CVA on the Company's interest rate swap agreements at December 31, 2012 resulted in a decrease in the fair value of the related liability of $3.6 million and an after-tax adjustment of $2.3 million to OCI.

The majority of the inputs used to value its interest rate swap agreements, including the forward interest rate curves and market perceptions of the Company's credit risk used in the CVAs, are observable inputs available to a market participant. As a result, the Company has determined that the interest rate swap valuations are classified in Level 2 of the fair value hierarchy.

9. LEASES

The Company leases hospitals, medical office buildings, and certain equipment under capital and operating lease agreements. During 2013, 2012 and 2011, the Company entered into capital lease obligations of $4.3 million, $5.0 million and $3.0 million, respectively. All lease agreements generally require the Company to pay maintenance, repairs, property taxes and insurance costs.

Commitments relating to noncancellable operating and capital leases for each of the next five years and thereafter are as follows (in thousands):

Year Ended December 31,	Operating (1)	Capital
2014	$ 192,481	$ 9,289
2015	160,638	7,428
2016	120,138	6,060
2017	89,717	5,663
2018	62,321	5,533
Thereafter	155,247	46,949
Total minimum future payments	$ 780,542	80,922
Less: Imputed interest		(34,856)
Total capital lease obligations		46,066
Less: Current portion		(5,439)
Long-term capital lease obligations		$ 40,627

(1) Minimum lease payments have not been reduced by minimum sublease rentals due in the future of $16.8 million.

Assets capitalized under capital leases as reflected in the accompanying consolidated balance sheets were $27.9 million of land and improvements, $200.1 million of buildings and improvements and $64.5 million of equipment and fixtures as of December 31, 2013 and $27.9 million of land and improvements, $200.1 million of buildings and improvements and $65.1 million of equipment and fixtures as of December 31, 2012. The accumulated depreciation related to assets under capital leases was $147.3 million and $129.1 million as of December 31, 2013 and 2012, respectively. Depreciation of assets under capital leases is included in depreciation and amortization expense and amortization of debt discounts on capital lease obligations is included in interest expense in the accompanying consolidated statements of income.

10. EMPLOYEE BENEFIT PLANS

The Company maintains various benefit plans, including defined contribution plans, defined benefit plans and deferred compensation plans, for which the Company is the plan sponsor. The CHS/Community Health Systems, Inc. Retirement Savings Plan is a defined contribution plan which covers the majority of the employees of the Company. Employees of certain subsidiaries whose employment is covered by collective bargaining agreements are eligible to participate in one of several other defined contribution plans including the CHS/Community Health Systems, Inc. Standard 401(k) Plan, which was established effective October 1, 2010 for the benefit of employees at the three hospitals acquired in Youngstown, Ohio and Warren, Ohio and their beneficiaries. This plan is structured such that employees of other subsidiaries may become eligible to participate as new entities are acquired by the Company or upon changes to collective bargaining agreements covering participants in the other defined contribution plans. Total expense to the Company under the 401(k) plans was $101.5 million, $108.5 million and $101.7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

The Company maintains unfunded deferred compensation plans that allow participants to defer receipt of a portion of their compensation. The liability for the deferred compensation plans was $111.6 million and $87.3 million as of December 31, 2013 and 2012, respectively, and is included in other long-term liabilities on the consolidated balance sheets. The Company had assets of $109.1 million and $87.1 million as of December 31, 2013 and 2012, respectively, in a non-qualified plan trust generally designated to pay benefits of the deferred compensation plans, consisting of trading securities of $38.0 million and $34.7 million as of December 31, 2013 and 2012, respectively, and company-owned life insurance contracts of $71.1 million and $52.4 million as of December 31, 2013 and 2012, respectively.

The Company provides an unfunded Supplemental Executive Retirement Plan ("SERP") for certain members of its executive management. The Company uses a December 31 measurement date for the benefit obligations and a January 1 measurement date for its net periodic costs for the SERP. Variances from actuarially assumed rates will result in increases or decreases in benefit obligations and net periodic cost in future periods. Benefits expense under the SERP was $14.2 million, $12.9 million and $11.9 million for the years ended December 31, 2013, 2012 and 2011, respectively. The accrued benefit liability for the SERP totaled $105.3 million at December 31, 2013 and $104.8 million at December 31, 2012, and is included in other long-term liabilities on the consolidated balance sheets. The weighted-average assumptions used in determining net periodic cost for the year ended December 31, 2013 was a discount rate of 3.0% and annual salary increase of 4.0%. The estimated future benefit payments reflecting future service as of December 31, 2013 are $1.5 million for 2014, $16.0 million for 2015, $43.9 million for 2016, $17.8 million for 2017, $7.2 million for 2018, and $21.2 million for the five years thereafter. The Company had available-for-sale securities in a rabbi trust generally designated to pay benefits of the SERP in the amounts of $64.9 million and $56.4 million at December 31, 2013 and 2012, respectively. These amounts are included in other assets, net on the consolidated balance sheets.

The Company maintains the CHS/Community Health Systems, Inc. Retirement Income Plan ("Pension Plan"), which is a defined benefit, non-contributory pension plan that covers certain employees at three of its hospitals. The Pension Plan provides benefits to covered individuals satisfying certain age and service requirements. Employer contributions to the Pension Plan are in accordance with the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended. The Company expects to make no contribution to the Pension Plan in 2014. The Company uses a December 31 measurement date for the benefit obligations and a January 1 measurement date for its net periodic costs for the Pension Plan. Variances from actuarially assumed rates will result in increases or decreases in benefit obligations, net periodic cost and funding requirements in future periods. Benefits expense under the Pension Plan was $0.3 million, $0.3 million and $0.6 million for the years ended December 31, 2013, 2012 and 2011, respectively. The accrued benefit liability for the Pension Plan totaled $6.6 million at December 31, 2013 and $16.8 million at December 31, 2012, and is included in other long-term liabilities on the consolidated balance sheets. The weighted-average assumptions used for determining the net periodic cost for the year ended December 31, 2013 was a discount rate of 3.9%, an annual salary increase of 5.0% and the expected long-term rate of return on assets of 8.0%.

11. STOCKHOLDER'S EQUITY

Equity transactions at the Parent level are recorded as a capital contribution (distribution) from the Parent in the accompanying consolidated statements of stockholder's equity. The cash flows from equity transactions at the Parent level, including the repurchase of the Parent's stock and proceeds from the exercise of the Parent's stock options, including related excess tax benefits, are recorded as net capital contributions (distributions) in the cash flows from financing activities section of the accompanying consolidated statements of cash flows.

On December 14, 2011, the Parent adopted an open market repurchase program for up to 4,000,000 shares of the Parent's common stock, not to exceed $100 million in repurchases. The repurchase program will conclude at the earliest of three years from the commencement date, when the maximum number of shares has been repurchased, or when the maximum dollar amount of repurchases has been expended. During the year ended December 31, 2013, the Parent repurchased and retired 706,023 shares at a weighted-average price of $38.39 per share, which is the cumulative number of shares repurchased and retired under this program. No shares were repurchased under this program during the year ended December 31, 2012.

Historically, the Parent has not paid any cash dividends. In December 2012, the Parent declared and paid a special dividend of $0.25 per share to holders of its common stock at the close of business as of December 17, 2012, which totaled approximately $23.0 million. In conjunction with the Parent's payment of a special dividend, the Company paid to the Parent a cash dividend in the same amount. The Parent did not pay a cash dividend in 2013 and does not anticipate the payment of any other cash dividends in the foreseeable future. The Company's Credit Facility limits the Parent's ability to pay dividends and/or repurchase stock to an amount not to exceed $150 million in the aggregate plus the aggregate amount of proceeds from the exercise of stock options. The indentures governing the 8% Senior Notes due 2019 and the 7⅛% Senior Notes due 2020 (collectively, the "Senior Notes") and the 5⅛% Senior Secured Notes due 2018 also limit the Parent's ability to pay dividends and/or repurchase stock. As of December 31, 2013, under the most restrictive test under these agreements, the Parent has approximately $261.9 million remaining available with which to pay permitted dividends and/or make stock and Senior Notes repurchases.

The following schedule discloses the effects of changes in the Company's ownership interest in its less-than-wholly-owned subsidiaries on CHS/Community Health Systems, Inc. stockholder's equity (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Net income attributable to CHS/Community Health Systems, Inc.	$ 141,203	$ 265,640	$ 201,948
Transfers to the noncontrolling interests:			
Net decrease in CHS/Community Health Systems, Inc. paid-in capital for purchase of subsidiary partnership interests	(768)	(21,537)	(4,556)
Net transfers to the noncontrolling interests	(768)	(21,537)	(4,556)
Change to CHS/Community Health Systems, Inc. stockholder's equity from net income attributable to CHS/Community Health Systems, Inc. and transfers to noncontrolling interests	$ 140,435	$ 244,103	$ 197,392

12. EQUITY INVESTMENTS

As of December 31, 2013, the Company owned equity interests of 27.5% in four hospitals in Las Vegas, Nevada, and 26.1% in one hospital in Las Vegas, Nevada, in which Universal Health Systems, Inc. owns the majority interest, and an equity interest of 38.0% in three hospitals in Macon, Georgia, in which HCA Holdings, Inc. ("HCA") owns the majority interest.

Summarized combined financial information for these unconsolidated entities in which the Company owns an equity interest is as follows (in thousands):

	December 31,	
	2013	2012
Current assets	$ 235,679	$ 240,086
Noncurrent assets	790,297	847,484
Total assets	$ 1,025,976	$ 1,087,570
Current liabilities	$ 99,330	$ 89,933
Noncurrent liabilities	1,616	1,941
Members' equity	924,909	995,569
Noncontrolling interest	121	127
Total liabilities and equity	$ 1,025,976	$ 1,087,570

	Year Ended December 31,		
	2013	2012	2011
Revenues	$ 1,246,183	$ 1,236,915	$ 1,230,146
Operating costs and expenses	1,116,745	1,079,055	1,068,212
Income from continuing operations before taxes	129,576	157,762	162,124

The summarized financial information was derived from the unaudited financial information provided to the Company by those unconsolidated entities.

The Company's investment in all of its unconsolidated affiliates was $421.7 million and $432.1 million at December 31, 2013 and 2012, respectively, and is included in other assets, net in the accompanying consolidated balance sheets. Included in the Company's results of operations is the Company's equity in pre-tax earnings from all of its investments in unconsolidated affiliates, which was $42.6 million, $42.0 million and $49.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

13. OTHER COMPREHENSIVE INCOME

The following tables present information about items reclassified out of accumulated other comprehensive income (loss) by component for the year ended December 31, 2013 (in thousands, net of tax):

	Change in Fair Value of Interest Rate Swaps	Change in Fair Value of Available for Sale Securities	Change in Unrecognized Pension Cost Components	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2012	$ (116,382)	$ 4,588	$ (33,516)	$ (145,310)
Other comprehensive (loss) income before reclassifications	(3,837)	2,181	12,479	10,823
Amounts reclassified from accumulated other comprehensive income (loss)	64,141	-	2,841	66,982
Net current-period other comprehensive income	60,304	2,181	15,320	77,805
Balance as of December 31, 2013	$ (56,078)	$ 6,769	$ (18,196)	$ (67,505)

The following table presents a subtotal for each significant reclassification to net income out of accumulated other comprehensive income (loss) and the line item affected in the accompanying consolidated statement of income during the year ended December 31, 2013 (in thousands):

Details about accumulated other comprehensive income (loss) components	Amount reclassified from AOCL Year Ended December 31, 2013	Affected line item in the statement where net income is presented
Gains and losses on cash flow hedges		
Interest rate swaps	$ (99,808)	Interest expense, net
	35,667	Tax benefit
	$ (64,141)	Net of tax
Amortization of defined benefit pension items		
Prior service costs	$ (1,143)	Salaries and benefits
Actuarial losses	(3,382)	Salaries and benefits
	(4,525)	Total before tax
	1,684	Tax benefit
	$ (2,841)	Net of tax

14. COMMITMENTS AND CONTINGENCIES

Construction and Other Capital Commitments. Pursuant to a hospital purchase agreement in effect as of December 31, 2013, the Company has agreed to build a replacement facility in York, Pennsylvania. The estimated construction cost, including equipment costs, is approximately $100.0 million. This project is required to be completed in 2017 and $0.7 million has been expended through December 31, 2013 related to this replacement hospital. In October 2008, after the purchase of the noncontrolling owner's interest in the Company's Birmingham, Alabama facility, the Company initiated the purchase of a site, which includes a partially constructed hospital structure, for a potential replacement for the existing Birmingham facility. In September 2010, the Company received approval of its request for a certificate of need ("CON") from the Alabama Certificate of Need Review Board. This CON was challenged in the Alabama state circuit and appellate courts, but the CON was upheld by the Supreme Court of Alabama in May 2013, eliminating any further appeals. The Company's estimated construction costs, including the acquisition of the site and equipment costs, are approximately $280.0 million for the Birmingham replacement facility. Of this amount, approximately $64.2 million has been expended through December 31, 2013. In addition, under other purchase agreements outstanding at December 31, 2013, the Company has committed to spend approximately $393.5 million for costs such as capital improvements, equipment, selected leases and physician recruiting. These commitments are required to be fulfilled generally over a five to seven year period after acquisition. Through December 31, 2013, the Company has spent approximately $256.8 million related to these commitments.

Physician Recruiting Commitments. As part of its physician recruitment strategy, the Company provides income guarantee agreements to certain physicians who agree to relocate to its communities and commit to remain in practice there. Under such agreements, the Company is required to make payments to the physicians in excess of the amounts they earned in their practice up to the amount of the income guarantee. These income guarantee periods are typically for 12 months. Such payments are recoverable by the Company from physicians who do not fulfill their commitment period, which is typically three years, to the respective community. At December 31, 2013, the maximum potential amount of future payments under these guarantees in excess of the liability recorded is $20.9 million.

Professional Liability Claims. As part of the Company's business of owning and operating hospitals, it is subject to legal actions alleging liability on its part. The Company accrues for losses resulting from such liability claims, as well as loss adjustment expenses that are out-of-pocket and directly related to such liability claims. These direct out-of-pocket expenses include fees of outside counsel and experts. The Company does not accrue for costs that are part of corporate overhead, such as the costs of in-house legal and risk management departments. The losses resulting from professional liability claims primarily consist of estimates for known claims, as well as estimates for incurred but not reported claims. The estimates are based on specific claim facts, historical claim reporting and payment patterns, the nature and level of hospital operations and actuarially determined projections. The actuarially determined projections are based on the Company's actual claim data, including historic reporting and payment patterns which have been gathered over an approximate 20-year period. As discussed below, since the Company purchases excess insurance on a claims-made basis that transfers risk to third-party insurers, the liability it accrues does include an amount for the losses covered by its excess insurance. The Company also records a receivable for the expected reimbursement of losses covered by excess insurance. Since the Company believes that the amount and timing of its future claims payments are reliably determinable, it discounts the amount accrued for losses resulting from professional liability claims using the risk-free interest rate corresponding to the timing of expected payments.

The net present value of the projected payments was discounted using a weighted-average risk-free rate of 1.6%, 1.2% and 1.2% in 2013, 2012 and 2011, respectively. This liability is adjusted for new claims information in the period such information becomes known. The Company's estimated liability for professional and general liability claims was $643.9 million and $621.7 million as of December 31, 2013 and 2012, respectively. The estimated undiscounted claims liability was $686.9 million and $649.4 million as of December 31, 2013 and 2012, respectively. The current portion of the liability for professional and general liability claims was $104.4 million and $106.9 million as of December 31, 2013 and 2012, respectively, and is included in other accrued liabilities in the accompanying consolidated balance sheets. Professional malpractice expense includes the losses resulting from professional liability claims and loss adjustment expense, as well as paid excess insurance premiums, and is presented within other operating expenses in the accompanying consolidated statements of income.

The Company's processes for obtaining and analyzing claims and incident data are standardized across all of its hospitals and have been consistent for many years. The Company monitors the outcomes of the medical care services that it provides and for each reported claim, the Company obtains various information concerning the facts and circumstances related to that claim. In addition, the Company routinely monitors current key statistics and volume indicators in its assessment of utilizing historical trends. The average lag period between claim occurrence and payment of a final settlement is between four and five years, although the facts and circumstances of individual claims could result in the timing of such payments being different from this average. Since claims are paid promptly after settlement with the claimant is reached, settled claims represent less than 1.0% of the total liability at the end of any period.

For purposes of estimating its individual claim accruals, the Company utilizes specific claim information, including the nature of the claim, the expected claim amount, the year in which the claim occurred and the laws of the jurisdiction in which the claim occurred. Once the case accruals for known claims are determined, information is stratified by loss layers and retentions, accident years, reported years, geography and claims relating to the acquired Triad hospitals versus claims relating to the Company's other hospitals. Several actuarial methods are used against this data to produce estimates of ultimate paid losses and reserves for incurred but not reported claims. Each of these methods uses company-specific historical claims data and other information. This company-specific data includes information regarding the Company's business, including historical paid losses and loss adjustment expenses, historical and current case loss reserves, actual and projected hospital statistical data, a variety of hospital census information, employed physician information, professional liability retentions for each policy year, geographic information and other data.

Based on these analyses the Company determines its estimate of the professional liability claims. The determination of management's estimate, including the preparation of the reserve analysis that supports such estimate, involves subjective judgment of the management. Changes in reserving data or the trends and factors that influence reserving data may signal fundamental shifts in the Company's future claim development patterns or may simply reflect single-period anomalies. Even if a change reflects a fundamental shift, the full extent of the change may not become evident until years later. Moreover, since the Company's methods and models use different types of data and the Company selects its liability from the results of all of these methods, it typically cannot quantify the precise impact of such factors on its estimates of the liability. Due to the Company's standardized and consistent processes for handling claims and the long history and depth of company-specific data, the Company's methodologies have produced reliably determinable estimates of ultimate paid losses.

The Company is primarily self-insured for these claims; however, the Company obtains excess insurance that transfers the risk of loss to a third-party insurer for claims in excess of self-insured retentions. The Company's excess insurance is underwritten on a claims-made basis. For claims reported prior to June 1, 2002, substantially all of the Company's professional and general liability risks were subject to a $0.5 million per occurrence self-insured retention and for claims reported from June 1, 2002 through June 1, 2003, these self-insured retentions were $2.0 million per occurrence. Substantially all claims reported after June 1, 2003 and before June 1, 2005 are self-insured up to $4.0 million per claim. Substantially all claims reported on or after June 1, 2005 are self-insured up to $5.0 million per claim. Management on occasion has selectively increased the insured risk at certain hospitals based upon insurance pricing and other factors and may continue that practice in the future. Excess insurance for all hospitals has been purchased through commercial insurance companies and generally covers the Company for liabilities in excess of the self-insured retentions. The excess coverage consists of multiple layers of insurance, the sum of which totals up to $95.0 million per occurrence and in the aggregate for claims reported on or after June 1, 2003, up to $145.0 million per occurrence and in the aggregate for claims reported on or after June 1, 2008 and up to $195.0 million per occurrence and in the aggregate for claims incurred and reported after January 1, 2010. For certain policy years, if the first aggregate layer of excess coverage becomes fully utilized, then the Company's self-insured retention could increase to $10 million per claim for any subsequent claims in that policy year until the Company's total aggregate coverage is met.

Effective January 1, 2008, the former Triad hospitals are insured on a claims-made basis as described above and through commercial insurance companies as described above for substantially all claims occurring on or after January 1, 2002 and reported on or after January 1, 2008. Substantially all losses for the former Triad hospitals in periods prior to May 1999 were insured through a wholly-owned insurance subsidiary of HCA, Triad's owner prior to that time, and excess loss policies maintained by HCA. HCA has agreed to indemnify the former Triad hospitals in respect of claims covered by such insurance policies arising prior to May 1999. After May 1999 through December 31, 2006, the former Triad hospitals obtained insurance coverage on a claims incurred basis from HCA's wholly-owned insurance subsidiary, with excess coverage obtained from other carriers that is subject to certain deductibles. Effective for claims incurred after December 31, 2006, Triad began insuring its claims from $1 million to $5 million through its wholly-owned captive insurance company, replacing the coverage provided by HCA. Substantially all claims occurring during 2007 were self-insured up to $10 million per claim.

Legal Matters. The Company is a party to various legal proceedings incidental to its business. In the opinion of management, any ultimate liability with respect to these actions will not have a material adverse effect on the Company's consolidated financial position, cash flows or results of operations. With respect to all litigation matters, the Company considers the likelihood of a negative outcome. If the Company determines the likelihood of a negative outcome is probable and the amount of the loss can be reasonably estimated, the Company records an estimated loss for the expected outcome of the litigation and discloses that fact together with the amount accrued, if it was estimable. If the likelihood of a negative outcome is reasonably possible and the Company is able to determine an estimate of the possible loss or a range of loss, the Company discloses that fact together with the estimate of the possible loss or range of loss. However, it is difficult to predict the outcome or estimate a possible loss or range of loss in some instances because litigation is subject to significant uncertainties.

Probable Contingencies

Department of Justice Investigation of Medicare Short-Stay Admissions from Emergency Departments

In April 2011, the Company received a document subpoena from the United States Department of Health and Human Services ("OIG") in connection with an investigation of possible improper claims submitted to Medicare and Medicaid. The subpoena was directed to all of the Company's hospitals and requested documents concerning emergency department processes and procedures, including the hospitals' use of the Pro-MED Clinical Information System, a third-party software system that assists with the management of patient care and provides operational support and data collection for emergency department management. The subpoena also sought information about the Company's relationships with emergency department physicians, including financial arrangements. This investigation is being led by the Department of Justice. The Company is continuing to cooperate with the government with the ongoing document production, as well as conducting a joint medical necessity review of a sampling of medical records at a small number of hospitals. In 2013, the Company has met with the government twice to review and discuss the investigation. On July 9, 2013, shortly after a second meeting with the government, the Company was served with an additional document subpoena, as well as civil investigative demands to interview two of the Company's current executives. In further discussions with the government, these additional requests do not reflect an expansion of the pending investigation. The Company will continue to cooperate with the government in their investigative efforts.

We are currently in negotiations with the Department of Justice about resolving its claims in connection with its investigation into the Company's short stay hospital admissions for the years 2005-2010, as well as their investigation at our hospital in Laredo, Texas. Based on those negotiations, which are not final, we believe that a reserve of $101.5 million is sufficient to cover the federal government's claims for Medicare, Tricare, and Medicaid admissions (including the claims described in the Legal Proceedings section in Part I Item 3 of this Form 10-K related to United States ex rel. and Reuille vs. Community Health Systems Professional Services Corporation and Lutheran Musculoskeletal Center, LLC d/b/a Lutheran Hospital (United States District Court for the Northern District of Indiana, Fort Wayne Division) and the May 2011 subpoena identified as "Shelbyville, Tennessee OIG Subpoena"), certain claims specifically related to our hospital in Laredo, Texas, and on other related legal expenses. This reserve is not meant to include third party legal expenses. The Company is also negotiating a corporate integrity agreement with the Office of the Inspector General of the Department of Health and Human Services.

There are a number of legal matters for which, based on information currently available, the Company believes that a negative outcome is known or is probable. In the aggregate, including the matter above, an estimate of these losses has been accrued in the amount of $118.7 million and $22.6 million at December 31, 2013 and 2012, respectively, and is included in other accrued liabilities in the accompanying consolidated balance sheets. Due to the uncertainties and difficulty in predicting the ultimate resolution of these contingencies, the actual amount could differ from the estimated amount; however, the Company does not believe a change in estimate for any of these matters would be material.

The table below presents a reconciliation of the beginning and ending liability balances in connection with probable contingencies recorded during the years ended December 31, 2013 and 2012 (in thousands):

	December 31,	
	2013	2012
Balance, beginning of year	$ 22,612	$ 10,562
Government settlement and related costs	101,500	-
Other legal settlements	4,654	27,538
Cash payments	(10,049)	(15,488)
Balance, end of year	$ 118,717	$ 22,612

Other costs incurred related to probable contingencies, including attorneys' fees, totaled $8.5 million and $12.5 million for the years ended December 31, 2013 and 2012, respectively, and is included in other operating expenses in the accompanying consolidated statements of income.

Reasonably Possible Contingencies

For the legal matter below, the Company believes that a negative outcome is reasonably possible, but the Company is unable to determine an estimate of the possible loss or a range of loss.

U.S. ex rel. Baker vs. Community Health Systems, Inc. (United States District Court for the District of New Mexico)

The Company's knowledge of this matter originated in early 2006 with correspondence from the Civil Division of the Department of Justice requesting documents in an investigation it was conducting involving the Company. The inquiry related to the way in which different state Medicaid programs apply to the federal government for matching or supplemental funds that are ultimately used to pay for a small portion of the services provided to Medicaid and indigent patients. These programs are referred to by different names, including "intergovernmental payments," "upper payment limit programs," and "Medicaid disproportionate share hospital payments." For approximately three years, the Company provided the Department of Justice with requested documents, met with its personnel on numerous occasions and otherwise cooperated in its investigation. During the course of the investigation, the Civil Division notified the Company that it believed that the Company and three of its New Mexico hospitals caused the State of New Mexico to submit improper claims for federal funds, in violation of the Federal False Claims Act. This investigation has culminated in the federal government's intervention in the referenced qui tam lawsuit, which alleges that the Company's New Mexico hospitals "caused to be filed" false claims from the period of August 2000 through June 2011. Two of the parent company's subsidiaries are also defendants in this lawsuit. The Company continues to vigorously defend this action. On December 4-5, 2013, the district court judge heard oral arguments on both sides' motions for summary judgment. By telephone conference on December 19, 2013, he advised the parties that, with respect to the core motions for summary judgment, he was denying all parties' motions, concluding that there were issues of fact to be determined at trial. Court ordered mediation has been set for March 12, 2014 and a trial date of October 14, 2014 has been assigned.

Matters for which an Outcome Cannot be Assessed

For all of the legal matters below, the Company cannot at this time assess what the outcome may be and is further unable to determine any estimate of loss or range of loss. Because the investigations are at a preliminary stage, there are not sufficient facts available to make these assessments.

Multi-provider National Department of Justice Investigations

Implantable Cardioverter Defibrillators ("ICDs"). The Company was first made aware of this investigation in September 2010, when the Company received a letter from the Civil Division of the United States Department of Justice. The letter advised the Company that an investigation was being conducted to determine whether certain hospitals have improperly submitted claims for payment for ICDs. The period of time covered by the investigation was 2003 to 2010. The Company continues to fully cooperate with the government in this investigation and has provided requested records and documents. On August 30, 2012, the Department of Justice issued a document entitled, "Medical Review Guidelines/Resolution Model," which sets out, for the purposes of this investigation, the patient conditions and criteria for the medical necessity of the implantation of ICDs in Medicare beneficiaries and how the Department of Justice will enforce the repayment obligations of hospitals. The Company is in the process of reviewing its medical records in light of the guidance contained in this document.

Class Action Shareholder Federal Securities Cases. Three purported class action cases have been filed in the United States District Court for the Middle District of Tennessee; namely, Norfolk County Retirement System v. Community Health Systems, Inc., et al., filed May 9, 2011; De Zheng v. Community Health Systems, Inc., et al., filed May 12, 2011; and Minneapolis Firefighters Relief Association v. Community Health Systems, Inc., et al., filed June 21, 2011. All three seek class certification on behalf of purchasers of the Parent's common stock between July 27, 2006 and April 11, 2011 and allege that misleading statements resulted in artificially inflated prices for the Parent's common stock. In December 2011, the cases were consolidated for pretrial purposes and NYC Funds and its counsel were selected as lead plaintiffs/lead plaintiffs' counsel. The Company's motion to dismiss this case has been fully briefed and is pending before the court. The Company believes this consolidated matter is without merit and will vigorously defend this case.

Shareholder Derivative Actions. Three purported shareholder derivative actions have also been filed in the United States District Court for the Middle District of Tennessee; Plumbers and Pipefitters Local Union No. 630 Pension Annuity Trust Fund v. Wayne T. Smith, et al., filed May 24, 2011; Roofers Local No. 149 Pension Fund v. Wayne T. Smith, et al., filed June 21, 2011; and Lambert Sweat v. Wayne T. Smith, et al., filed October 5, 2011. These three cases allege breach of fiduciary duty arising out of allegedly improper inpatient admission practices, mismanagement, waste and unjust enrichment. These cases have been consolidated into a single, consolidated action. The plaintiffs filed an operative amended derivative complaint in these three consolidated actions on March 15, 2012. The Company's motion to dismiss was argued on June 13, 2013. On September 27, 2013, the court issued an order granting in part and denying in part the Company's motion to dismiss. On October 14, 2013, the Company filed for a Motion for Reconsideration of the Order Granting in Part and Denying in Part the Motion to Dismiss, a Motion to Stay Discovery, and an unopposed Motion for Extension of Time to File an Answer. The Company believes all of the plaintiffs' claims are without merit and will vigorously defend them.

15. SUBSEQUENT EVENTS

The Company evaluated all material events occurring subsequent to the balance sheet date though March 5, 2014, the date the consolidated financial statements were issued, for events requiring disclosure or recognition in the consolidated financial statements.

On January 27, 2014, the Company completed the acquisition of HMA. Pursuant to the merger agreement governing the transaction, the Company acquired all the outstanding shares of HMA's common stock for approximately $7.6 billion, including the assumption of approximately $3.7 billion of existing indebtedness, for consideration for each share of HMA's common stock consisting of $10.50 in cash, 0.06942 of a share of the Company's common stock, and one contingent value right ("CVR"). The CVR entitles the holder to receive a cash payment of up to $1.00 per CVR (subject to downward adjustment), subject to the final resolution of certain legal matters pertaining to HMA, as defined in the CVR agreement.

In connection with the HMA merger, the Company entered into a third amendment and restatement of the Credit Facility, providing for additional financing and recapitalization of certain of the Company's term loans, including (i) the replacement of the revolving credit facility with a new $1.0 billion revolving facility maturing 2019 (the "Revolving Facility"), (ii) the addition of a new $1.0 billion Term A facility due 2019 (the "Term A Facility"), (iii) a Term D facility in an aggregate principal amount equal to approximately $4.602 billion due 2021 (which includes certain term loans due 2017 that were converted into such Term D facility (collectively, the "Term D Facility")), (iv) the conversion of certain term loans due 2017 into Term E Loans and the borrowing of new Term E Loans due 2017 in an aggregate principal amount of approximately $1.677 billion (collectively, the "Term E Facility" and, together with the Revolving Facility, the Term D Facility and the Term A Facility, the "Credit Facilities") and (v) the addition of flexibility commensurate with the Company's post-acquisition structure. In addition to funding a portion of the consideration in connection with the HMA merger, some of the proceeds of the Term A Facility and Term D Facility were used to refinance the outstanding $637.5 million existing Term A facility due 2016 and the $59.6 million of term loans due 2014, respectively.

Adjusted for the effect of this amendment and restatement of the Company's Credit Facility, the term loans are scheduled to be paid with principal payments for future years as follows $112.8 million due in 2014, $162.8 million due in 2015, $162.8 million due in 2016, $1.822 billion due in 2017, $496.0 million due in 2018 and $4.521 billion due thereafter.

In connection with the financing activities of the HMA merger, the Company, through one of its wholly-owned subsidiaries, also issued: (i) $1.0 billion aggregate principal amount of 5.125% Senior Secured Notes due 2021 (the "Secured Notes") and (ii) $3.0 billion aggregate principal amount of 6.875% Senior Notes due 2022 (the "Unsecured Notes" and, together with the Secured Notes, the "Notes"). The Secured Notes are senior secured obligations of the Company and are guaranteed on a senior secured basis by the Parent and by the Company and certain of its subsidiaries. The Secured Notes mature on August 1, 2021, and bear interest at a rate of 5.125% per annum. The Unsecured Notes are senior unsecured obligations of the Company and are guaranteed on a senior basis by the Parent and certain of the Company's subsidiaries. The Unsecured Notes mature on February 1, 2022, and bear interest at a rate of 6.875% per annum.

The initial accounting for the acquisition of HMA is currently incomplete. The Company is in the process of obtaining initial information relative to the fair values of assets acquired, liabilities assumed and any noncontrolling interests in the transaction. The valuation of the acquired assets and assumed liabilities will include, but not be limited to, fixed assets, Medicare licenses, certificates of need, other potential intangible assets and contingencies. The valuations will consist of physical inspections and appraisal reports, discounted cash flow analyses, or other appropriate valuation techniques to determine the fair value of the assets acquired or liabilities assumed.

On February 5, 2014, the Company announced that one or more subsidiaries of the Company have executed a definitive agreement to acquire substantially all of the assets of Sharon Regional Health System in Sharon, Pennsylvania for approximately $70 million, plus net working capital. Sharon Regional Health System includes a 251-bed acute care hospital and other outpatient and ancillary services.

Attachment C.Orderly Development.7.c

Board for Licensing Health Care Facilities

State of Tennessee

0000000045

No. of Beds 0903

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

METRO KNOXVILLE HMA, LLC to conduct and maintain a

Hospital TENNOVA HEALTHCARE

Located at 900 EAST OAK HILL AVENUE, KNOXVILLE

County of KNOX, *Tennessee.*

This license shall expire JANUARY 01, 2015, and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State this 1ST day of JANUARY, 2014.

In the Distinct Category(ies) of: GENERAL HOSPITAL
PEDIATRIC BASIC HOSPITAL

By Vincent J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By

Attachment C.Orderly Development.7.d

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite. 4T20
Atlanta, Georgia 30303-8909

Ref: Mercy Medical Center compliance w/stds 440120

February 13, 2012

Important Notice, Read Carefully

Mr. Jeffery Ashin, CEO
Mercy Medical Center
900 East Oak Hill Avenue
Knoxville, Tennessee 37917

RE: Acute Care Hospital - CMS Certification Number (CCN) 44-0120

Dear Mr. Ashin:

Based on a report by the Tennessee State Survey Agency of the fill Medicare survey of Mercy Medical Center, ending January 11, 2012, we find your institution to be in compliance with all Medicare Conditions of Participation. However, there were standard level deficiencies cited, for which you have addressed through the submitting on January 26, 2012, a plan of correction to the Tennessee State Agency.

We thank you for your cooperation and look forward to working with you on a continuing basis in the administration of the Medicare program. If you have questions, please contact Joe Ann Hollingsworth at (404) 562-7510.

Sincerely,

Sandra M. Pace
Associate Regional Administrator
Division of Survey and Certification

Cc: State Agency
The Joint Commission

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440120	A. BUILDING B. WING	01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 000	INITIAL COMMENTS A full Certification survey was completed on January 9-11, 2012, at Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN, and two satellite hospitals, Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN, and Mercy Medical Center West, located at 10820 Parkside Dr, Knoxville, TN. For identification purposes, Building A will refer to Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN; Building B will refer to Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN; and Building C will refer to Mercy West, located at 10820 Parkside Dr, Knoxville, TN.	A 000		
A 167	482.13(e)(4)(ii) PATIENT RIGHTS: RESTRAINT OR SECLUSION [The use of restraint or seclusion must be--] (ii) implemented in accordance with safe and appropriate restraint and seclusion techniques as determined by hospital policy in accordance with State law. This STANDARD is not met as evidenced by: Based on review of facility policy, medical record review, and interview, the facility failed to ensure physician's orders for the use of a physical restraint were consistent with facility policy for two patients (#16, #35) of four restraint records reviewed. The findings included: Building A Review of facility policy titled "Restraints" dated	A 167	A 167: Patient Rights/Restraints: Facility A, patient # 16: A late entry was made by the physician clarifying the type and duration intended for the restraint. This patient's subsequent days in restraints revealed complete orders. Facility C, patient # 35: A late entry was made to clarify duration of the restraint; however the patient required restraints for total of 3 hours and restraints had already been removed. A log of all patients in restraints is provided to the clinical leadership daily. The clinical leader/ designee is responsible for reviewing physician and nursing documentation by end of each shift for opportunities to clarify documentation. Staff is required to notify clinical leader or designee before application of restraint to help assure the least restrictive device is used	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE — TITLE: CEO - Denmark — (X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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A 167	Continued From page 1 February 7, 2011, revealed,"...To provide guidelines to ensure that the use of restraint...is safe and limited to those situations with adequate, appropriate clinical justification...Before implementing a restraint intervention...a physician's order...must be obtained...The order for restraint must include the type of restraint used, duration of the restraint, and specific behavior that led to the use of restraint..." Patient #16 was admitted to the facility on December 20, 2012, with diagnoses including Respiratory Failure. Medical record review of a Restraint Order dated December 23, 2011, revealed no documentation regarding the duration and type of release used. Medical record review of a Restraint Order dated December 24, 2011, revealed no documentation regarding the type of restraint. Medical record review of a Restraint Order dated December 25, 2011, revealed no documentation regarding the duration and type of restraint used. Interview with Registered Nurse (RN #7) on January 10, 2012, at 10:00 a.m., confirmed the facility failed to implement the facility's Restraint Policy for Patient #16. Building C Patient #35 was admitted to the facility on December 22, 2011 with diagnoses to include Myocardial Infarction, Respiratory Failure, and Acute Renal Failure. Medical record review of a Physician's Order, dated January 3, 2012, at 1:00 a.m., revealed the patient was to be in wrist restraints for pulling out	A 167	and initial order is complete. The Restraint Order Set was revised to provide a clear, concise and easier to read format. The draft was approved at the Medical Executive Committee on January 19, 2012. Staff and physician education for the new order set will begin during the week of January 27, 2012 and will be implemented on February 14, 2012. Each patient in restraint is monitored for completeness of documentation record monthly as well as overall numbers of patients in restraints and restraint hours and reported through the Quality/Safety Committee. Opportunities for improvement are discussed at the Quality/Safety meeting monthly. Physician documentation compliance is discussed at the Quality Management Committee on a scheduled basis. Individual staff and physician opportunities are trended for review. Patient Rights is a topic covered in every new employee orientation. The restraint policy and orders are included in new physician and new employee clinical orientation.	

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A 167	Continued From page 2 tubes and catheters. Continued review revealed no documentation regarding the time limit for use of the restraint. Interview with the Chief Nursing Officer at the 300 hall nursing station on January 9, 2012, at 3:00 p.m., confirmed the facility failed to implement the facility's Restraint Policy for Patient #35.	A 167		
A 404	482.23(c) ADMINISTRATION OF DRUGS Drugs and biologicals must be prepared and administered in accordance with Federal and State laws, the orders of the practitioner or practitioners responsible for the patient's care as specified under §482.12(c), and accepted standards of practice. This STANDARD is not met as evidenced by: Based on observation, policy review, standards review, and interview, the facility failed to provide dialysis treatments in compliance with facility policy and industry standards. The findings included: Building A. Observation, on January 10, 2012, at 1:45 p.m., of the Dialysis Unit's water treatment system, on the second floor of Building A, revealed the system consisted of a source of city water, two carbon filter tanks, a water softener, and a reverse osmosis (RO) unit. Review of the facility's policy titled, "Water Treatment: Maintenance and Use of Central RO and Water Treatment System", last revised April 28, 2011, revealed, "The water quality...will be	A 404	A 404: Administration of Drugs—Dialysis The Staff Member observed was re-educated on January 18, 2012, by Terrie Lane, RN Team Leader of Dialysis. Policies and Practices were reviewed with AAMI standards. Validation of education was completed by return demonstration of practices. The entire dialysis department had a review of the water testing and treatment policies and practices according to AAMI standards completed by Clint Foster, RN, Dialysis. Validation of this review was completed by return demonstration. Random peer observations will be completed by Dialysis staff monthly. Quality Assurance logs will be reviewed for compliance and reported through the Quality Patient Safety Committee.	

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A 404	Continued From page 3 according to the AAMI (American Association of Medical Instrumentation) standards". Further review of the policy revealed, "Test the water for chlorine/chloramines at valve #T2 (access port between the first and second carbon filter tanks), after the first set of carbon filters". Review of AAMI standard RD52:2004 revealed, "Two carbon beds shall be installed with a sample port following the first bed" and "performance is monitored by measuring free chlorine and/or chloramines concentrations in the water exiting the first carbon bed of a series connected pair." Interview with Registered Nurse #1 (RN#1) on January 10, 2012, at 1:45 p.m., in the water treatment room, revealed RN#2 had tested the water for chlorine that morning prior to starting dialysis. RN#1 stated that, "had rechecked the chlorine level again four hours later, as the water is tested prior to beginning dialysis and every four hours while dialysis is being provided." RN#2 demonstrated how the water was tested for chlorine by obtaining product water from a port on the RO unit. Further interview with RN#2 confirmed this nurse always obtained the test sample from the RO unit and never tested water from the port between the carbon tanks. Interview with RN#8, in the Dialysis Unit, on January 11, 2012, at 9:00 a.m., confirmed it was facility policy to obtain the water specimen from the port between the first and second carbon tanks, for chlorine testing.	A 404		
A 450	482.24(c)(1) MEDICAL RECORD SERVICES All patient medical record entries must be legible, complete, dated, timed, and authenticated in	A 450		

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A 450	Continued From page 4 written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures. This STANDARD is not met as evidenced by: Building A Based on review of facility policy, review of medical records, and interview, the facility failed to ensure a medical record was completed consistent with hospital policy for one patient (#1) of fifty sampled patients. The findings included: Building A Review of facility policy "Physicians Orders" dated July 25, 2011, revealed,"...Physician orders will be managed according to the following protocols"...Required elements: All medication orders...must be complete, accurate, and must include:...Dose and dosage form...Strength...Route of Administration...Dosage regimen (frequency)...Orders that are...Incomplete will be clarified with the prescriber...Preprinted Orders: If a physician...adopts 'routine orders', a copy of the orders should be timed, dated and signed by the physician...Standing Orders: these orders are developed for use...for a procedure or process..." Patient #1 was admitted to the facility on January 1, 2012. Medical record review of a Physician's Orders form dated January 2, 2012, at 3:50 p.m., revealed nine of thirty-two orders preceded with a blackened check box, and included, "...Lactated	A 450	A 450: Medical Records Services The order set referenced in finding with patient #1 at Facility A has been revised to assure completion of orders and an infusion rate has been added. All surgery patients have been identified as having this same potential incomplete order, and as a result, all order sets used within the ODS/Pre-Op area have been revised. This revision was completed on January 20, 2012. The Pharmacy Director has re-educated the pharmacy staff regarding the "Physician's Order" policy to include proper methods for handling incomplete orders. Orders not meeting the criteria for a complete order will be verified with the prescriber. Education was completed by January 26, 2012. An order set revision policy is in place to assure orders are reviewed on a tri-annual schedule to assure regulatory requirements are met. Any orders identified by departments or pharmacy requiring clarification will be immediately reviewed and corrected. Clarifications of unclear or incomplete orders are part of the employee clinical orientation.	

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NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917	

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A 450	Continued From page 5 ringers 1000 ml (milliliters) or (and a blank line)..." Continued review revealed no documentation regarding the route or dose regimen. Continued review revealed twenty-three possible orders preceded by a blank check box, with no indication whether the orders were to be implemeneted or deleted. Interview with Vice President of Quality on January 9, 2012, at 10:33 a.m., in a 3 Central work space, revealed the "Physician's Orders" form was a "standing orders" form. Interview with the Vice President of Quality on January 11, 2012, at 10:30 a.m., in the the Chief Nursing Officer's (CNO) conference room, confirmed the physician's order for Lactated Ringers was incomplete. Interview with the Director of Pharmacy on January 11, 2012, at 10:43 a.m., in the CNO's conference room, revealed pharmacy reviewed orders daily and followed up the prescriber when an issue was identified. Continued interview revealed the Physician's Orders dated January 1, 2012, required clarification, and confirmed the facility failed to ensure the orders dated January 1, 2012, were completed consistent with hospital policy.	A 450		
A 454	482.24(c)(1) ORDERS DATED AND SIGNED (i) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner, except as noted in paragraph (c)(1)(ii) of this section. (ii) For the 5 year period following January 26, 2007, all orders, including verbal orders, must be dated, timed, and authenticated by the ordering practitioner or another practitioner who is	A 464	A 454: Orders Dated and Signed The order sets in regards to Patient # 7 and Patient # 8 at Facility A, the "Laminectomy "and"Anterior Fusion" order sets were revised for clarity concerning the pre-admission testing. Physicians utilizing those order sets were specifically educated as to the requirement of dating/timing/signing orders on	

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A 454	Continued From page 6 responsible for the care of the patient as specified under §482.12(c) and authorized to write orders by hospital policy in accordance with State law. This STANDARD is not met as evidenced by: Based on medical record review, observation, review of facility policy, and interview, the facility failed to ensure physician's orders were authenticated, dated, and timed for two patients (#7 and #8) of fifty patients reviewed. The findings included: Building A Patient #7 was admitted to the facility on January 9, 2012, for a Discectomy. Medical record review of the pre-printed physician's orders Pre-Op Laminectomy/Fusion revealed "CBC" (Complete Blood Count) and "PT/PTT" (Prothrombin Time and Partial Thromboplastin Time) had been circled to indicate the labwork was to be completed prior to surgery. Continued review of the pre-printed physician's order sheet revealed the orders had not been signed, dated, or timed by the physician. Further medical record review revealed the labwork had been obtained on December 28, 2011. Patient #8 was admitted to the facility on January 9, 2012, for an ACD&F (Anterior Cervical Discectomy and Fusion). Medical record review of the pre-printed physician's orders Pre-Op Laminectomy/Fusion revealed orders for labwork, and preoperative	A 454	January 20, 1012 by the ODS/PACU clinical leader. The ODS/PACU staff were educated as to the requirement to assure orders have been obtained and confirmed with signature or verbal order prior to initiation by January 20, 2012. The ODS/PACU Clinical Leader or designee will monitor compliance with the dating/timing and signature's on physician orders, specifically the two order sets that were revised, as well as other orthopedic patients for signature/dating/timing during the time frame of January 23, 2012 through February 17, 2012. Results will be discussed with the physician's utilizing these order sets within the Department of Surgery meeting and Quality Management Committee in March 2012. Compliance of 95% is the target, if < 95%, the specific physicians and staff will be reeducated and monitor will continue until compliance target is met. The complete medical record documentation, which includes dating and timing and signature requirements are covered in new clinical employee orientation. The Health Information Management (HIM) department will complete random monitoring of physician signatures/dating and timing twice annually and will report to the Quality Management Committee in February/November. The HIM department will include missing signatures as part of the monthly deficiency monitoring and report through the Quality Management Committee (QMC) in the months of February and November.	

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NAME OF PROVIDER OR SUPPLIER: MERCY MEDICAL CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE: 900 EAST OAK HILL AVENUE, KNOXVILLE, TN 37917

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A 454	Continued From page 7 antibiotics of Cefazolin 2 grams. Continued review of the pre-printed physician's order sheet revealed the orders had not been signed, dated, or timed by the physician. Further medical record review revealed the labwork was obtained and resulted in the chart and the antibiotic was administered on January 9, 2012, at 12:28 p.m. Observation on January 9, 2012, at 3:10 p.m., revealed the patient was in bed in the recovery room, with a cervical collar present, and was answering the recovery room nurse's questions regarding post-operative pain. Review of the facility's policy Physicians Orders, no policy number, revised July 25, 2011, revealed, "...Preprinted Orders: If a physician or group of physicians adopts 'routine orders', a copy of the orders should be timed, dated and signed by the physician and included in the patient's record..." Interview with the Manager of ODS/PACU (One Day Surgery/Post Anesthesia Care Unit) on January 9, 2012, at 2:50 p.m., in the ODS pre-operative area, and at 3:30 p.m., in Phase I PACU, confirmed the orders had not been authenticated, timed, or dated by the physicians for patient #7 or patient #8.	A 454		
A 466	482.24(c)(2)(v) CONTENT OF RECORD - INFORMED CONSENT [All records must document the following, as appropriate:] Properly executed informed consent forms for procedures and treatments specified by the medical staff, or by Federal or State law if applicable, to require written patient consent.	A 466	A 466: Consent The medical record for patient #2 in Facility A was updated with late entry by physician as to the circumstance of emergency placement needed and the fact there had been no family	

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A 466	Continued From page 8 This STANDARD is not met as evidenced by: Based on medical record review, observation, review of facility policy, and interview, the facility failed to obtain informed consent for one patient (#2) of fifty patients reviewed. The findings included: Building A Patient #2 was admitted to the facility on January 8, 2012, with diagnoses including Respiratory Failure, Congestive Heart Failure, and Osteomyelitis. Medical record review of the physician's orders and an Operative Summary dated January 8, 2012, revealed a central line (catheter placed in a major vessel for administration of medications) was placed in the left subclavian vein (major vessel) on January 8, 2012. Observation of the patient on January 9, 2012, at 11:00 a.m., revealed the patient in bed in the Intensive Care Unit (ICU), with a dressing present over the left subclavian area (chest area) dated January 8, 2012. Review of the facility's policy Central Venous Catheters - Regional, no policy number, revised April 7, 2011, revealed, "...An informed consent must be obtained prior to insertion..." Interview with Registered Nurse (RN) #1 and the Chief Nursing Officer on January 9, 2012, at 10:55 a.m., at the ICU nursing station, and with RN #1 at 11:00 a.m., in the patient's room,	A 466	available. Physician education reminders were posted in the physician lounges on January 25, 2012 and was added as an agenda item for discussion at physician department meetings for January and February and will be added as a topic of discussion at the Quality Management Committee on February 9, 2012. A reminder letter will be sent to all physicians on staff from the Chief of Staff as to the requirement of documentation. Consent assuring risks, benefits and alternatives, and risk and benefits of alternatives are monitored randomly by the Quality Department and reported through the Quality Management Committee (QMC) in February and November each year. The QMC chairman will address each opportunity with physicians with a letter of education and a copy of the letter will go into the physician's quality file. The use of the consent form for verification of signature signifying discussion is the preferred document, but this information may be found in other parts of the physician documentation. New physicians receive a copy of the bylaws and rules and regulations that addresses the requirements of documentation for consent upon credentialing with the facility	

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A 466	Continued From page 9 confirmed the patient had a central line placed; the patient was unable to consent to treatments; and no family had been present in the facility. Continued interview confirmed there was no documentation of attempts to contact the family and consent for the central line placement had not been obtained.	A 466		
A 503	482.25(b)(2)(ii) CONTROLLED DRUGS KEPT LOCKED Drugs listed in Schedules II, III, IV, and V of the Comprehensive Drug Abuse Prevention and Control Act of 1970 must be kept locked within a secure area. This STANDARD is not met as evidenced by: Based on observation, interview and review of facility policy, the facility failed to secure medications for one of two Operating Rooms (OR) observed. The findings included: Building A Observation on January 9, 2012, at 2:05 p.m., in Operating Room #16, revealed an anesthesia box in the unlocked anesthesia cart containing the following medications: Albuterol inhaler, Phenylephrine, Levophed, Epinephrine, Naloxone, Hydralazine, Ephedrine, Famotidine, Diphenhydramine,Decadron, and Lasix, which may be used during surgery and anesthesia. Review of facility policy Storage, with last revision dated June 24, 2009, revealed "...when not in use, nursing medication carts, anesthesia carts or other medication carts containing drugs or	A 503	A 503: Controlled Drugs Kept Locked There were no controlled substances within the Emergency Boxes found unattended. However, the Anesthesia Emergency boxes referenced in this finding in Facility A have been pulled from use. Contents of Anesthesia Emergency boxes have been added to the General Anesthesia bags and labeled appropriately. The General Anesthesia bags are patient specific kits used on a single patient only. These kits are assigned to a provider for a particular patient and are not left in the room following the procedure. The OR pharmacy staff is responsible for making these additions to the General Anesthesia bags and have pulled from use any remaining Anesthesia Emergency boxes. These changes will be completed by January 26, 2012. Each new clinical licensed employee is oriented to the medication safety process during their time in clinical orientation while spending four hours in the facility pharmacy department.	

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A 503	Continued From page 10 biologicals must be locked or stored in a locked storage room...all drugs and biologicals must be secure..." Interview with the OR manager revealed OR #16 had not been used since the previous weekend. Further interview with Operating Room (OR) Manager and the Director of Surgery, at 2:05 p.m., in OR room #16, confirmed the anesthesia box, with medications, was unsecured in the anesthesia cart and the cart was not locked. Further interview with the OR manager revealed OR #16 had not been used since the previous weekend.	A 503		
A 505	482.25(b)(3) UNUSABLE DRUGS NOT USED Outdated, mislabeled, or otherwise unusable drugs and biologicals must not be available for patient use. This STANDARD is not met as evidenced by: Based on observation, policy review, and interview, the facility failed to remove expired drugs from patient use. The findings included: Building B Observations, on January 9, 2012, at 1:00 p.m., of Building B's Intensive Care Unit (ICU) Medication Room, revealed three 250 milliliters (ml) bags of Intravenous (IV) Dextrose 5% with Water (D5W), with expiration date of October 2011. Review of facility policy titled, "Storage:General", last revised June 24, 2009, revealed,	A 505	A 505: Unusable Drugs The identified expired IV solutions were immediately removed from the shelf in Facility B. The Storeroom already has a practice in place to rotate supplies within the central supply carts in the departments. A protocol was developed and department leaders were educated as to the departments' responsibility for the monthly review and accountability of supplies not kept in the central supply cart. A monthly signature log was created for tracking. The department leaders were educated to the new protocol on January 25, 2012. The assignment and accountability log will begin in February 2012. The accountability log will be monitored by department leaders for signatures for three consecutive months with an expectation of 100% compliance. If 100% is met within an individual department, the monitoring will be reduced to quarterly spot checks and follow up as necessary. Routine Environmental	

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A 505	Continued From page 11 "Medications shall be stored under proper conditions of sanitation..." Interview with the Clinical Leader, on January 9, 2012, at 1:00 p.m., in the medication room, confirmed the three IV bags were expired and available for patient use.	A 505	Rounding will incorporate the monitoring of expired IV supplies and will begin during the week of January 23, 2012. The protocol is covered with new employees during their clinical orientation.	
A 724	482.41(c)(2) FACILITIES, SUPPLIES, EQUIPMENT MAINTENANCE Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality. This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to ensure supplies were not available beyond the expiration date in the Interventional Radiology department. The findings included: Building A Observation on January 10, 2012, at 2:35 p.m., in the Interventional Radiology Department, revealed twenty tongue depressors with an expiration date of June, 2009 and four #11 Scalpel Blades with an expiration date of May, 2006, in an emesis basin in the cabinet. Interview with Radiology Technician (RT) #1, on January 10, 2012, at 2:35 p.m., in the Interventional Radiology Department, confirmed twenty tongue depressors with an expiration date	A 724	A 724: Facilities, Supplies, Equipment Maintenance. The supplies from Facility A, Radiology Department were immediately disposed of. The Storeroom already has a practice in place to rotate supplies within the central supply carts in the departments. A protocol was developed and department leaders were educated as to the departments' responsibility for the monthly review and accountability of supplies not kept in the central supply cart. A monthly signature log was created for tracking. The department leaders were educated to the new protocol on January 25, 2012. The assignment and accountability log will begin in February 2012. The accountability log will be monitored by department leaders for signatures for three consecutive months with an expectation of 100% compliance. If 100% is met within an individual department, the monitoring will be reduced to quarterly spot checks and follow up as necessary. Routine Environmental Rounding will incorporate the monitoring of all supplies will begin during the week of January 23, 2012. The protocol is covered with new employees during their clinical orientation.	

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A 724	Continued From page 12 of June, 2009 and four #11 Scalpel Blades with an expiration date of May, 2008 in the cabinet and were expired. Interview with the Chief Nursing Officer (CNO), at 2:40 p.m., in the conference room, confirmed the tongue depressors and scalpel blades were expired and available for patient use.	A 724		
A 749	482.42(a)(1) INFECTION CONTROL OFFICER RESPONSIBILITIES The infection control officer or officers must develop a system for identifying, reporting, investigating, and controlling infections and communicable diseases of patients and personnel. This STANDARD is not met as evidenced by: Based on observation, policy review, and interview, the facility failed to ensure single use patient care items were not used for more than one patient in the Interventional Radiology Department of building A; failed to ensure unclean linens were properly handled in two medical surgical units (3 central and 1 central) in building A; failed to ensure the cleanliness of clothing items provided by the facility for newborn infants in the nursery of building A; failed to ensure the facility hand washing policy was followed while preparing medications by one nurse in the emergency room of building A; failed to ensure the facility hand washing policy was followed while administering medications by one nurse on the 200 hall medical surgical unit of building C; failed to ensure the continuation of Neutropenic Precautions (reverse isolation precautions are generally indicated to prevent exposure of a patient to infections for a patient	A 749	A 749: Infection Control Officer Responsibilities 1. The Clinical Leader for Radiology met with specific associate on January 10, 2012 to discuss findings. This was deemed to be an isolated incident related to specific associate's practice and the disciplinary process was initiated. A sterile syringe is to be used for each entry into the multi-dose vial of Heparin, and sterilely packaged syringes were placed by the Heparin vial with a reminder. As an additional precaution, all Interventional Radiology staff will be re-educated by the Clinical Leader for Radiology on the topics of preparing medication and the Safe Injection Practices policy. This will be completed by February 2, 2012 and compliance documented on sign-in sheet. The re-education will occur prior to the next shift worked for any staff unable to attend prior to February 2, 2012. Safe Injection Practices signage available on the CDC website will be added to procedure rooms for additional visual education on proper procedure. This will be completed by January 27, 2012. All new licensed employees receive education on Safe Injection Practices during their facility orientation. Process and practice compliance will be monitored by	

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A 749	Continued From page 13 with a low blood neutrophil count which is the most common type of white blood cell that fights infections) on the 300 hall medical surgical unit of building C; and failed to ensure items recommended for single patient use were not cleaned and used on multiple patients in the outpatient surgery center's pre-operative area of building C. The findings included: Building A Observation on January 10, 2012, at 2:35 p.m, in the Interventional Radiology Department, revealed one multi-dose vial of Heparin (10,000 unit per 1 milliters) with a connector device and one three ml syringe in the locked cabinet. Interview with Radiology Technician (RT) #1, at 2:35 p.m., in the Interventional Radiology Department hallway, confirmed the 3milliliter (ml) syringe was reused multiple times to withdraw the Heparin from the multi-dose vial and then add 1ml into 1000ml's of Normal Saline for a Heparin drip. Review of facility policy Safe Injection Practices, with original date June 1, 2011, revealed "...needles, cannulae, and syringes are sterile, single-use items...needles, cannulae and syringes will not be used for another patient nor to access a medication or solution that might be used for subsequent patient...if multi-dose vials must be used, both the needle or cannula and syringe used to access the multi-dose vial must be sterile..."	A 749	departmental observations on a weekly basis until 100% compliance is assured for three consecutive months. 2. Patient #1 was in Contact Isolation. Gloves and gown are to be worn when in contact with the patient or the patient's immediate environment. Specific education on Contact Isolation, with emphasis on personal protective equipment (PPE) and linen handling will be provided to all certified nursing assistants (CNAs) on 3 Central and 1 Central by February 10, 2012. The education will occur prior to the next shift worked for any staff unable to attend prior to February 10, 2012. As an additional corrective measure, Contact Isolation content, with emphasis on personal protective equipment and linen handling, will be added as an annual competency for all nursing staff, to include CNAs beginning with January 2012 competencies. All new employees receive education on Contact Isolation during their facility orientation. Observations for Contact Isolation compliance will be conducted monthly as part of regularly scheduled Environmental Rounding. These results will be shared with departmental leadership as collected and reported to the Quality Safety Committee on a quarterly basis. 3. Hand-knitted or hand-crocheted items will not be given to patient (mother) until time of discharge. Each item will have a label affixed with the following wording, "It is recommended that you launder this item, as you would	

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A 749	Continued From page 14 Interview with the Chief Nursing Officer (CNO) on January 10, 2012, at 2:40p.m., in the conference room, confirmed the reuse of a 3ml syringe did not follow facility policy. Review of facility policy titled "Linen Utilization - Regional" dated July 30, 2010, revealed, "...Torn, stained, or otherwise unusable linen should be placed in a designated receptacle...Standard Precautions will be used when handling all linen..." Medical record review revealed Patient #1 was admitted to the facility on January 1, 2012, with diagnoses including Methicillin Resistant Staph Aureus (MRSA, an infectious organism resistant to treatment by most antibiotics). Medical record review of a physician's progress note dated January 5, 2012, revealed, "...MRSA facial abcess." Observation with the Vice President of Quality on medical surgical hall 3 central, on January 9, 2012, at 9:56 a.m., revealed the patient in bed, a dressing on the left wrist/hand, and unclean linen on the floor beside a red storage receptacle. Interview with the Vice President of Quality on January 9, 2012, at 9:56 a.m., confirmed the facility failed to store the unclean linen in a manner to prevent the spread of infection. Medical record review revealed Patient #15 was admitted to the facility on January 5, 2012, with diagnoses including Altered Mental Status. Observation on January 9, 2012, at 2:32 p.m., revealed the patient in a bed and unclean linen in	A 749	any new newborn clothing, prior to using on infant." Women's Pavilion/OB nursing staff will verbally review these instructions with patient at time of discharge. Women's Pavilion/OB nursing staff will be instructed in new process and not to place hand-knitted or hand-crocheted items provided by the Auxiliary on infants while in the hospital. This instruction will be completed by February 10, 2012. The instruction will occur prior to next shift worked for any staff unable to attend prior to February 10, 2012. Observation of process compliance will be added to department Environmental Rounding on a monthly basis until 100% process compliance is assured for three consecutive months. These results will be shared with departmental leadership as collected and reported to the Quality Safety Committee. 4. & 5. Individual counseling was provided to nurse preparing (Facility A) and to nurse administering (Facility C) medication without properly conducting hand hygiene. This was done on January 11 and January 9, 2012, respectively. Facility A, B, & C clinical leaders/designee will provide patient care staff education reminders as to the individual responsibility for hand hygiene by February 17, 2012. The education will occur prior to the next shift worked for any staff unable to attend prior to February 17, 2012. All new employees receive education on hand hygiene during their facility orientation. Random monthly observations are completed for hand hygiene on each	

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A 749	Continued From page 15 a chair in the room. Continued observation revealed a Certified Nursing Assistant (CNA #1) picked up the linen with ungloved hands and the linen made contact with the CNA's uniform. Interview with CNA #1 on medical surgical hall 1 central, on January 9, 2012, at approximately 2:34 p.m., outside the patient's room, revealed the CNA is to wear gloves when handling unclean linen. Interview with Registered Nurse (RN #6) on January 9, 2012, at 2:35 p.m., outside the patient's room, confirmed the facility failed to handle the linen in a manner to prevent the spread of infection. Observation of the newborn nursery of building A with the Manager of the Women's Center and the Clinical Leader of the Women's Center of building A, on January 10, 2012, at 2:00 p.m., revealed several drawers contained homemade hand crocheted infant hats and blankets. Interview with the Manager of the Women's Center and the Clinical Leader of the Women's Center of building A, on January 10, 2012, at 2:00 p.m., confirmed the cleanliness of the homemade items provided by the facility to the newborns could not be ascertained. Observation of Registered Nurse (RN) # 4 in the Emergency Department (ED) of building A with the Manager of the ED on January 11, 2012, at 9:30 a.m., revealed RN #4 standing at the ED nursing station with the hands tucked down into the waist band of the scrub pants RN #4 was wearing. Continued observation revealed RN #4,	A 749	clinical area and reported on Quality Nursing Scorecards. This data is reported to the Quality Safety Committee on a quarterly basis. Staff has been encouraged to address any noted non-compliance of hand hygiene directly with their peers. Hand Hygiene is part of annual Infection Control education for all employees. 6. A new policy for Neutropenic Precautions / Protective Care was developed by the Infection Control Practitioners. A copy of this policy will be added to the Infection Control Policy section of the policy database by January 27, 2012. This policy will be presented at the Quality Safety Committee with instructions for education for clinical leaders on January 25, 2012. Education on the new policy will be provided to nursing staff at Hospital A, B, & C by clinical leaders/ designee. This will be completed by February 17, 2012. The education will occur prior to next shift worked for any staff unable to attend prior to February 17, 2012. All new employees receive education on types of isolation that might be encountered when dealing with hospitalized patients during their facility orientation. Observation of process compliance on any patients placed in Neutropenic Precautions will be completed by the clinical leader of the nursing unit and will be conducted until 100% compliance is assured for three consecutive months. 7. Emesis basins were immediately removed from nursing work areas on	

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A 749	Continued From page 16 without washing or sanitizing the hands, entered the medication area and entered information on the keyboard on the medication storage cabinet. RN #4 opened the medication storage cabinet; opened a medication drawer; extracted two containers of medication; obtained a disposable drinking cup; filled the cup with ice and water; and proceeded down the hall with the medication. Interview in the medication area of the ED of building A with RN #4 and the ED Manager on January 11, 2012, at 9:30 a.m., confirmed the RN did not wash or sanitize the hands prior to obtaining and preparing patient fluids and medications. Review of the facility policy, Hand Hygiene, no number, dated revised September 21, 2010, revealed "...to reduce, as low as possible, the number of viable microorganisms on the hands in order to prevent transmission of pathogens from one patient to another...use anti-microbial soap...or alcohol based hand rub...before contact with intact patient skin..." Building C Observation on the 200 hall of the medical surgical unit of building C with the Chief Nursing Officer (CNO) on January 9, 2012, at 2:20 p.m., revealed RN #3 exited the medication room and without washing or sanitizing the hands. The RN entered the room of a patient; handled the wrist area of the patient's left arm then walked to the right side of the bed and handled the tubing for the patient's IV (intravenous) line. The RN reached into the pocket of the scrubs withdrawing a syringe; injected the medication in the syringe	A 749	January 9, 2012. Emesis basins will be used for the purpose in which they were intended to be used and as a single patient use item. Observations for single patient use items used according to manufacturer's labeling will be added to ongoing Environmental Rounding. Results from Rounding are reported to departmental leadership at the time of Rounding and to the Quality Safety Committee on a quarterly basis. The department orientation will include the proper use of single use items.	

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A 749	Continued From page 17 into the port on the IV tubing then reached into the pocket of the scrubs again, and injected another syringe of medication into the port of the patient's IV line. Interview in the medication room of the 200 hall medical surgical unit of building C on January 9, 2012, at 2:25 p.m., with RN #3 and the Chief Nursing Officer confirmed the hands had not been washed or sanitized prior to entering the patient's room and injecting medications into the patient's IV port. Continued interview confirmed the facility policy called for the hands to be washed or sanitized prior to entering a patient's room and administering IV medications. Patient #34 was admitted to the facility on January 5, 2012 with diagnoses to include Neutropenia. Review of the Physician's Admit Orders, dated January 5, 2012, at 5:30 p.m., revealed "...Neutropenic Precautions..." Observation of the doorway to patient #34's room with the CNO on January 9, 2012, at 3:30 p.m., revealed no signage to indicate patient #34 was on Neutropenic Precautions and no isolation equipment outside the patient's door. Interview at the nursing station of the 300 hall of the medical surgical unit of building C on January 9, 2012, at 3:30 p.m., with RN #5 revealed RN #5 had received information in the morning report the Neutropenic Precautions had been discontinued. Medical record review of patient #34 revealed the White Blood Cell (WBC) count on January 5 - 1.8 MM3; January 6 -1.9 MM3; January 7 - 1.9 MM3;	A 749		

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NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 749	Continued From page 18 January 8 - 2.3 MM3; and January 9 - 2.0 MM3 (normal ranges: WBC - 3.7 - 10.7 MM3) - (MM3 is, in brief, the measurement by micrometers according to the National Institution of Health). Continued medical record review revealed no order to discontinue the Neutropenic Precautions. Interview at the nursing station of the 300 hall of the medical surgical unit of building C on January 9, 2012, at 3:30 p.m., with RN #5 revealed, the physician wanted to continue the Neutropenic Precautions. Interview at the nursing station of the 300 hall of the medical surgical unit of building C on January 9, 2012, at 3:30 p.m., with the CNO confirmed the Neutropenic Precautions had been discontinued without a written physician's order. Observation in the outpatient surgery center of building C with the Chief Nursing Officer (CNO) on January 9, 2012, at 1:10 p.m., revealed the pre-operative area contained 10 patient beds. Continued observation revealed each bed area had a rolling nurse's work area with a work space of three feet by one and one half feet and an attachment hanging from the side with storage spaces. Continued observation revealed each nurse's work area contained an emesis basin (disposable pink plastic kidney shaped container manufactured for containment of vomitus) with "DO NOT DISCARD" written in permanent marker on each emesis basin. Interview in the pre-operative area with the CNO and Charge Nurse of the pre-operative area on January 9, 2012, at 1:10 p.m., confirmed the	A 749		

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	440120	A. BUILDING B. WING	01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
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A 749	Continued From page 19 emesis basins were cleaned after each patient and utilized to hold such things as the IV (intravenous) catheters and discarded IV items utilized after starting an IV. Continued interview revealed the manufacturer had not provided instructions indicating the emesis basins could be cleaned; could not be used on more than one patient; and were single patient use items.	A 749		
A 951	482.51(b) OPERATING ROOM POLICIES Surgical services must be consistent with needs and resources. Policies governing surgical care must be designed to assure the achievement and maintenance of high standards of medical practice and patient care. This STANDARD is not met as evidenced by: Based on observation, interview, and review of manufacturer's recommendations, the facility failed to follow manufacturer's recommendations for processing (high level disinfection and/or sterilization) and storage of endoscopes for one of two operating rooms observed in the surgery department. The findings included: Building A Observation of Operating Room (OR) #13 on January 9, 2012, at 1:10 p.m., revealed a cabinet contained five closed rigid containers with endoscopes, cameras, light cords, and instrumentation, with visible moisture on the inside of the containers. Observation of the containers revealed cardboard cards set on top of the containers with dates and times of January 9, 2012, 9:00 a.m., and 9:10 a.m., (four hours	A 951	A 951: Operating Room Policies Facility A Cystoscopes were found in cabinet after Steris 1 processing in the Steris pan, with notes designating the process time and date. Scopes and instrumentation were found to be stored wet. On the same day as the survey, the OR and SPD consulted together and decided to have SPD process all cystoscopes and cysto instrumentation. Even though cystoscopes are usually considered a clean procedure, this equipment is maintained sterile. All cystoscopes, etc., are now packaged separately and sterilized appropriately according to manufacturer guidelines. OR associates have been instructed to do a preliminary cleaning of scopes, then send to SPD for further processing. All cystoscopes and cysto-instruments are maintained in terminally sterilized containers and stored with sterile instrumentation in the OR. The SPD and OR staff department orientation has been revised to reflect the change in practice.	

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	440120	A. BUILDING ____ B. WING ____	01/11/2012

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A 951	Continued From page 20 earlier) on two trays. Interview with Scrub Tech #1 on January 9, 2012, at 1:10 p.m., in OR #13, revealed the scopes were processed in the rigid trays using an automatic processor in the mornings and then stored in the rigid containers, stacked in the cabinet, for use during "clean" procedures (not sterile surgeries) scheduled during the day. Interviews with the Director and the Manager of the OR on January 9, 2012, at 1:20 p.m., in OR #13, and at 1:50 p.m., in the substerile room, confirmed staff process the endoscopes in the mornings, and store the scopes in the rigid containers, without drying the scopes or instrumentation, for use throughout the day and within 24 hours. Review of the automatic processor manufacturer's recommendations revealed, "...Devices are sterilized, rinsed, and ready for immediate use upon the successful completion of the sterile processing cycle...The processing chamber and the processing containers/trays are also sterilized during the cycle to provide a sterile environment for the devices during the brief time between the completion of sterilization and the removal of the devices for use. The use of devices sterile processed in a SYSTEM 1 Processor should be in a manner consistent with 'Just In Time' processing and delivery. Devices, properly processed in SYSTEM 1 are sterile and ready for immediate use in patient procedures. Neither the Processor nor the processing containers/trays are intended for storage of devices. Storage of medical devices post-processing should be conducted per the	A 951		

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	440120	A. BUILDING B. WING	01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
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A 951	Continued From page 21 user facility's procedures. (Organizations such as AORN [Association of periOperative Nurses] and SGNA [Society of Gastroenterology Nurses and Associates] offer post-processing guidelines.) Devices stored overnight, for extended periods of time, or otherwise not properly removed and transported to the sterile field for immediate use (JIT) must be re-sterilized prior to use in patient procedures..." Interviews with the Director and the Manager of the OR on January 9, 2012, at 1:50 p.m., in the substerile room and outside OR #13, and with the Director of Sterile Processing on January 9, 2012, at 2:35 p.m., in the Sterile Processing Department, confirmed the facility had not reviewed manufacturer's recommendations for the automatic processor or the endoscopes, before implementing the process of storing the endoscopes in the rigid containers during the day. Further interviews confirmed the endoscopes were only used in "clean" procedures requiring high level disinfection of the scopes and instrumentation, and not procedures where sterile cavities were entered and sterile instrumentation was required. Further interviews confirmed manufacturer's recommendations and society standards were not followed in processing and storing the endoscopes.	A 951		

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 440120	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN B. WING	(X3) DATE SURVEY COMPLETED 01/11/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917	

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K 020	NFPA 101 LIFE SAFETY CODE STANDARD Stairways, elevator shafts, light and ventilation shafts, chutes, and other vertical openings between floors are enclosed with construction having a fire resistance rating of at least one hour. An atrium may be used in accordance with 8.2.5.6. 19.3.1.1. This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure corridor vertical shafts were maintained. The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 at 2:20 p.m. confirmed the Electrical room on LL1 had a dumbwaiter shaft that was open on one side through to the ground floor above.	K 020	[redacted] DUMBWAITER SHAFT PERMANENTLY SEALED AND RATED 1-20-12 [illegible]	
K 025	NFPA 101 LIFE SAFETY CODE STANDARD Smoke barriers are constructed to provide at least a one half hour fire resistance rating in accordance with 8.3. Smoke barriers may terminate at an atrium wall. Windows are protected by fire-rated glazing or by wired glass panels and steel frames. A minimum of two separate compartments are provided on each floor. Dampers are not required in duct penetrations of smoke barriers in fully ducted heating, ventilating, and air conditioning systems. 19.3.7.3, 19.3.7.5, 19.1.6.3, 19.1.6.4 This STANDARD is not met as evidenced by:	K 025	[redacted]	

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	440120	A. BUILDING 01 - MAIN B. WING _____	01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
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K 025	Continued From page 1 Based on observation and interview, the facility failed to assure smoke barrier fire ratings are maintained. The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 between 9:30 am and 2:00 p.m. confirmed unsealed penetrations in the LL2 A-wing corridor above the ceiling outside the electrical room, The " Disaster Supply Room " corridor wall, and The connector hallway behind ICU electrical room corridor wall	K 025	Repaired & sealed All penetrations on LL2 A-Wing @ Disaster Supply Room Day of survey 1-9-12	
K 045	NFPA 101 LIFE SAFETY CODE STANDARD Illumination of means of egress, including exit discharge, is arranged so that failure of any single lighting fixture (bulb) will not leave the area in darkness. (This does not refer to emergency lighting in accordance with section 7.8.) 19.2.8 This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure the exit discharges from the building were not illuminated such that the failure of any single lighting fixture (bulb) would not leave the area in darkness (NFPA 101, 7.8.1.4). The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 at 3:20 p.m. confirmed the outside lights at the exits from the women ' s pavilion 3rd floor by room 024 was not provided with multiple fixtures.	K 045	New multi-lamp fixture installed 1-12-12	
K 072	NFPA 101 LIFE SAFETY CODE STANDARD Means of egress are continuously maintained free of all obstructions or impediments to full instant	K 072		

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	440120	A. BUILDING 01 - MAIN B. WING	01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	800 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

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K 072	Continued From page 2 use in the case of fire or other emergency. No furnishings, decorations, or other objects obstruct exits, access to, egress from, or visibility of exits. 7.1.10 This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure the corridors in the means of egress were maintained clear of all obstructions (NFPA 101- 7.1.10.2.1.) The findings include: Observation and interview with the Maintenance Director and Radiology Manager, on January 10, 2012 confirmed the Emergency Department back corridor and Radiology department corridor had furniture, carts, linen bins, and portable blood pressure equipment stored (not in use).	K 072	Furniture removed day of survey 1-10-12 [illegible]	
K 075	NFPA 101 LIFE SAFETY CODE STANDARD Soiled linen or trash collection receptacles do not exceed 32 gal (121 L) in capacity. The average density of container capacity in a room or space does not exceed .5 gal/sq ft (20.4 L/sq m). A capacity of 32 gal (121 L) is not exceeded within any 64 sq ft (5.9-sq m) area. Mobile soiled linen or trash collection receptacles with capacities greater than 32 gal (121 L) are located in a room protected as a hazardous area when not attended. 19.7.5.5	K 075	[redacted]	

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	440120	A. BUILDING 01 - MAIN B. WING	01/11/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

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K 075	Continued From page 3 This STANDARD is not met as evidenced by: Based on observation and staff interview, the facility failed to assure combustible decorations were fire retardant (NFPA 110, 19.7.5.4). The findings include: Observation and interview with the Maintenance Director, on January 10, 2012 at 2:00 p.m. confirmed the facility failed to treat the quilt hanging in the corridor across room C391.	K 075	Quilt was removed day of survey 1-10-12 BH	
K 147	NFPA 101 LIFE SAFETY CODE STANDARD Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code. 9.1.2	K 147		
	This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to assure electrical junction boxes had their covers installed. (NFPA 70, 314.28 (C). The findings include: Observation and interview with the Maintenance Director, on January 9, 2012 at 2:00 p.m. confirmed junction boxes without covers in ceiling by Tower 4 Nurses Station vestibule above light, Dialysis equipment room, 2W across from storage room with exposed wires, LL2 between stairwell and elevator, Women's Pavilion 1st floor outside elevator equipment room, and ICU in the corridor by 15-20.		Junction Box covers were installed ~~[illegible]~~ day of survey 1-9-12 BH	

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 03 - EMORY ROAD NORTH HC B. WING	(X3) DATE SURVEY COMPLETED
	440120		01/12/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
MERCY MEDICAL CENTER	900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917

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K 000	INITIAL COMMENTS During the Life Safety portion of the survey conducted on January 11, 2012, no deficiencies were cited under 42CFR Part 482 Requirements for Hospitals.	K 000		

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 440120	(X2) MULTIPLE CONSTRUCTION A. BUILDING 04 - TURKEY CREEK MEDICAI B. WING	(X3) DATE SURVEY COMPLETED 01/12/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917	

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K 000	INITIAL COMMENTS During an annual recertification survey on January 11, 2012, the Mercy West Hospital (Turkey Creek Medical Center) was found to be in compliance with the LSC 2000 Health Existing Regulations.	K 000		

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Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53145	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED 01/11/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

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H 001	1200-8-1 Initial This Rule is not met as evidenced by: A full Licensure survey was completed on January 9-11, 2012, at Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN, and two satellite hospitals, Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN, and Mercy Medical Center West, located at 10820 Parkside Dr, Knoxville, TN. For identification purposes, Building A will refer to Mercy Medical Center located at 900 East Oak Hill Avenue, Knoxville, TN; Building B will refer to Mercy Medical Center North, located at 7565 Dannaher Way, Powell, TN; and Building C will refer to Mercy West, located at 10820 Parkside Dr, Knoxville, TN.	H 001		
H 605	1200-8-1-.06 (1)(b)4. Basic Hospital Functions (1) Performance Improvement. (b) The performance improvement program must be ongoing and have a written plan of implementation which assures that: 4. The competency of all staff is evaluated at least annually; and This Rule is not met as evidenced by: Based on review of employee records the facility failed to ensure employees received annual competency testing for one (#7) of fifteen	H 605		

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TITLE (X6) DATE

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H 605	Continued From page 1 employees reviewed. The findings included: Building A Review of the record of employee #7 revealed no documentation of completion of annual unit-based competency testing for 2011. Review of the policy entitled "Educational Requirements - Regional" revealed "...All associates who utilize patient equipment for patient diagnosis, treatment, monitoring, and care must be oriented to the equipment upon employment and receive annual continuing education as determined by the Leader...". During interview on January 10, 2012, at 10:45 a.m., in the administrative conference room, the Clinical Educator confirmed employee #7 had not completed annual competency testing for 2011 and it was a requirement for all employees.	H 605		

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NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

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P 002	1200-8-30 No Deficiencies During the licensure survey conducted at Mercy Medical Center (referred to as building A) conducted on January 9 - 11, 2012, no deficient practices were cited under Chapter 1200-8-30, Standards for Pediatric Emergency Care Facilities. During the licensure survey conducted at Mercy Medical Center North (referred to as building B) conducted on January 9 - 11, 2012, no deficient practices were cited under Chapter 1200-8-30, Standards for Pediatric Emergency Care Facilities. During the licensure survey conducted at Mercy Medical Center West (referred to as building C) conducted on January 9 - 11, 2012, no deficient practices were cited under Chapter 1200-8-30, Standards for Pediatric Emergency Care Facilities.	P 002		

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NAME OF PROVIDER OR SUPPLIER: MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE: 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

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H 002	1200-8-1 No Deficiencies During the Life Safety portion of the survey conducted on January 9-10, 2012, no licensure deficiencies were cited under chapter 1200-8-1, Standards for Hospitals.	H 002		

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Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53145	(X2) MULTIPLE CONSTRUCTION A. BUILDING 03 - EMORY ROAD NORTH HC B. WING	(X3) DATE SURVEY COMPLETED 01/11/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 002	1200-8-1 No Deficiencies During the Life Safety portion of the survey conducted on January 11, 2012, no licensure deficiencies were cited under chapter 1200-8-1, Standards for Hospitals.	H 002		

Division of Health Care Facilities

TITLE (X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

PRINTED: 01/14/2012
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53145	(X2) MULTIPLE CONSTRUCTION A. BUILDING 04 - TURKEY CREEK MEDICAL B. WING	(X3) DATE SURVEY COMPLETED 01/12/2012
NAME OF PROVIDER OR SUPPLIER MERCY MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 900 EAST OAK HILL AVENUE KNOXVILLE, TN 37917		

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 002	1200-8-1 No Deficiencies During the Life Safety portion of the survey, there were no deficiencies cited from 1200-8-1, Standards for Hospitals.	H 002		

Division of Health Care Facilities

TITLE (X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

SUPPLEMENTAL-#1
-COPY-

TENNOVA PHYSICIANS MEDICAL CENTER

CN1408-033

SUPPLEMENTAL #1

August 27, 2014
8:24 am

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

August 26, 2014

Melanie B. Burgess
Vice President of Development
Tennova Healthcare
930 Emerald Avenue, POB Suite 813
Knoxville, TN 37917

RE: Certificate of Need Application CN1408-033
Physician's Regional Medical Center

Dear Ms. Burgess:

This will acknowledge our August 13, 2014 receipt of your application for a Certificate of Need for the relocation and replacement of Physician Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County), TN 37917 to an unaddressed site located consisting of 110 acres located at the intersection of Middlebrook and Old Weisgarber Road, across from Dowell Springs Boulevard, Knoxville, TN. The project includes the construction and equipping of a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating / procedures rooms.

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 12:00 noon, Wednesday, August 27, 2014. 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. **Applicant Profile, Item 1**

   Please provide the proposed address rather than the current address of the applicant and resubmit a replacement page.

   The revised Applicant Profile is attached as attachment 1.

2. **Applicant Profile, Item 4**

   Please provide documentation from the Tennessee Secretary of State's web-site that the applicant is currently an active corporation. The web-site address is :
   https://tnbear.tn.gov/Ecommerce/FilingDetail.aspx?CN=144237204094069140106033033030121027092089000220

Documentation from the Tennessee Secretary of State's web-site is attached as attachment 2.

3. **Applicant Profile, Item 5, Management/Operating Entity**

Please provide the ownership structure of the Management/Operating Entity Community Health Systems Professional Services.

Community Health Systems Professional Services Corporation is wholly owned by CHS/Community Health Systems, Inc., which is wholly owned by Community Health Systems, Inc.

4. **Applicant Profile, Item 6, Legal Interest in Site**

The Real Estate Purchase Agreement for a 107+ parcel of land is noted. However, please provide documentation of the applicant's interest in the site. Please provide documentation that Oak Leaf Capital Partners, LLC is an agent of the applicant.

Documentation assigning the agreement from Oak Leaf Capital Partners, LLC to Metro Knoxville HMA, LLC is attached as attachment 4.

5. **Section A, Applicant Profile, Item 13**

The applicant's contractual relationships with BlueCare, United Community Healthcare Plan and TennCare Select are noted. However, new TennCare contracts will take effect January 1, 2015 with full statewide implementation for AmeriGroup, BlueCare Tennessee and United Healthcare. Please indicate if the applicant intends to contract with AmeriGroup. If so, what stage of contract discussions is the applicant involved with AmeriGroup?

The applicant does intend to contract with AmeriGroup and is currently in active negotiations to finalize those contracts.

6. **Section B. I. Project Description**

Please indicate the location (building, floor, etc.) of the adult Psychiatric and Geriatric Psychiatric Services that will remain at the existing campus.

The Psychiatric units are currently located in the Magdalen Clark Tower on the 4th floor. At this time, there are no plans to relocate the units to another part of the facility. However, as plans become clearer regarding future uses of the existing hospital buildings, those plans could change. If the Psychiatric units must be relocated in order to maximize the future uses for the facility, a Certificate of Need application will be filed as required.

Please clarify if food, laundry, and environmental services will remain at the existing campus to provide services to the psychiatric services that will remain.

All services that are required by the State and other licensing and accrediting agencies to support remaining services will be provided.

Please clarify if there will be a psychiatric emergency room and/or emergency room/urgent care center available at the existing campus. If not, how will psychiatric emergencies be handled?

A psychiatric intake center will remain on campus as a means of providing access to psychiatric care twenty-four hours a day, seven days a week.

How will patients who may have both a psychiatric and medical condition be treated at the existing facility if this project is approved? Will they need to be transferred to another facility that has both psychiatric and medical capabilities under one roof?

As with other psychiatric hospitals, acute medical issues must be cleared prior to a patient being admitted to the psychiatric unit or, if an acute medical issue arises during a patient's psychiatric stay, that patient must be transferred to an acute care facility for medical care. Routine medical issues can be addressed within the existing facility. In addition, Psychiatric Services will be led by a Medical Director who will provide oversight to ensure patients receive both appropriate psychiatric and medical treatment.

The applicant intends to replace two MRI units and one PET/CT unit. Please clarify if these will be new units. If not, please describe.

These will be new units, as described in the quotes from GE that were attached to the application.

What does the applicant plan to do with the existing 2 MRI units that are planned to be replaced?

The two existing MRI units will be traded in to the manufacturer.

This appears to be the 1st Phase of the 107+ acre site. Please provide the proposed phases of development for the site.

While the project architects have outlined how future buildings could be appropriately placed on the site, no plans for future phases have been developed. A site plan showing the proposed placement of future buildings is attached as attachment 6.

It appears the Cardiology offices, outpatient surgery, and physician offices will remain at the existing site. Please clarify how a 9 mile distance to the new replacement hospital will enhance accessibility for both physicians and patients.

Space and occupancy details for the planned medical office building have not been provided, since medical office space does not require a Certificate of Need. However, as indicated in the application, a medical office building will be part of the project, and it is expected that the Cardiology and physician offices will

relocate to the replacement hospital campus, if those practices choose to move. Outpatient surgery will not remain at the existing site, but will be performed within the OR suites in the replacement hospital.

Is there space at the new site for physicians to locate if this project is approved?

Yes, there is ample space for physician offices within the attached medical office building.

The applicant states the hospital is currently conducting a comprehensive bed need analysis across 3 Knoxville campuses as part of a long range strategic plan. Please clarify why this study was not completed prior to the submission of this proposal.

While significant portions of the study have been done, with the recent acquisition of PRMC's former parent company, Health Management Associates, and new leadership, the approach to developing North Knoxville Medical Center and Turkey Creek Medical Center requires further evaluation and approval. However, commitments were made by Health Management Associates to both the hospital's medical staff, as well as to neighborhood groups and Knoxville City officials regarding pursuing approval to build a replacement hospital for PRMC. Under any strategic plan or direction for all three hospitals, a replacement facility for PRMC is necessary in order to meet the needs of our physicians and patients, as well as the requirements of our business.

Please describe the closest hospital to the proposed site of the applicant? Please include the distance, # beds, and occupancy.

The closest hospital to the proposed site is Parkwest Medical Center. Parkwest is located 6.1 miles away, has 307 licensed beds including nursery beds, and was 68% occupied in 2013, according to the Joint Annual Report.

Other than the applicant, please indicate the number of hospitals that are located in North Knoxville.

North Knoxville Medical Center, which operates under the same license and provider number as Physicians Regional Medical Center, serves North Knoxville and is located eight miles north of the existing PRMC campus.

Please clarify if there is a creek on the property. If so, is any of the property on a flood plain?

There is a creek that runs west to east along the base of the south hillside slope on the northern portion of the subject site. The creek has been defined as Tributary No. 3 to Fourth Creek, and FEMA has studied the creek. Both a defined floodplain and floodway have been delineated along both sides of the creek. The proposed conceptual hospital and site improvements avoid conflict with these items.

Please clarify if the parcel of property contains a high pressure underground gas pipeline. If so, please discuss its location and other specific information.

There is both a natural gas pipeline as well as a petroleum pipe line that run through the subject site.

The natural gas pipeline traverses across the middle of the site and is owned by the Knoxville Utility Board (KUB). Coordination has occurred with KUB regarding relocation of the natural gas line to allow for the placement of the proposed buildings and parking.

The petroleum pipe runs along the northwest corner of the subject site and is owned by Plantation Pipeline Company/ Kinder Morgan. Coordination has occurred with the Plantation Pipeline Company/ Kinder Morgan and the proposed conceptual site improvements will not require relocation of the petroleum pipe.

Please verify that internal medicine, urology and surgery groups have moved their main offices from 900 E. Oak Hill Avenue to North Knoxville Medical Center in Powell, TN. If so, please discuss how many left and why.

Yes, internal medicine, urology, and surgery groups have moved their main offices from 900 E. Oak Hill Avenue to North Knoxville Medical Center in Powell, TN. As outlined on the chart provided with the application (attachment C.Need.B.3), one group of 16 internal medicine physicians, one group of 6 urologists, and one group of 10 general and vascular surgeons relocated. While each practice has various reasons for relocating, a primary reason communicated to the administration of PRMC is that their patients wanted easier access to their offices and to hospital services, as well as the advantages of a newer facility. These physician practices still provide hospital coverage for PRMC.

Please discuss area home owner's opposition (Friends of Middlebrook) to the proposed project and any meetings between the applicant and those homeowners. In your response please discuss if site plans have changed to accommodate resident's concerns.

Both prior to and throughout the formal land use process, which included rezoning a portion of the property at the proposed site, as well as obtaining Use on Review approval for the hospital under the new rezoning, PRMC representatives met frequently with various homeowner groups, including the neighborhood associations closest to the proposed replacement hospital site. While an opposition group did form in response to the project (Friends of Middlebrook), many homeowners who participate in those neighborhood associations are supportive of the project. PRMC representatives have participated in 15 meetings of various neighborhood groups, both to present information and plans, as well as to listen to neighborhood concerns and suggestions.

In response to suggested improvements to the plans for the project made by the area homeowners, the following changes were adopted to the original plans for the project:

- The emergency room was moved to the east side of the building, placing it near the center of the site and as far as possible from any homes.
- The Medical Office building was shifted to the far west side of the building, making it the building closest to the property border and therefore closest to neighboring homes. This change was made in order to ensure that the building that is generally only used during standard business hours is nearest the neighborhood. The outside wall of the medical office building is 770 feet, or the length of two and a half football fields, from the nearest home.
- In addition to the traffic-calming measures proposed by PRMC's architect and civil engineers, in cooperation with the City and the neighborhood groups, PRMC will conduct a baseline traffic study upon completion of construction, and then another study one year later. At certain thresholds of increased traffic on Middlebrook Pike, PRMC will be responsible for funding a portion of additional traffic-calming measures.
- Exterior lighting will be the latest technology, which focuses the light where it is needed and minimizes the impact to surrounding areas.
- PRMC will build a walking trail through the property, which will help provide a connection between two sections of Knoxville's greenway which are currently not connected.

Please discuss any dialogue with city and county officials in possibly using vacant space at the current site if this CON is approved.

All discussions with outside parties regarding use of the existing campus are subject to confidentiality agreements. While many discussions regarding uses of the existing campus have occurred, those discussions cannot be finalized until the outcome of the Certificate of Need application is known.

Please clarify if 44 of the 107 acre parcel will remain zoned agriculture. If so, please discuss the plans for the 44 acres.

PRMC has no plans to utilize the 44 acres that remain zoned agricultural, nor to request a change to the agriculture zoning designation. In addition to the zoning restrictions, the acreage is also protected under a slope protection designation.

7. **Section B. II. A. (Project Description)**

A) Please provide the following information:

Inpatient Beds	Existing Rooms #	Existing Beds	Proposed Beds #
Private	328	328	262
Semiprivate	29	58	0
Ward	1 (NICU)	15 (NICU)	10 (NICU)
Total	358	401	272

Surgical Suite	Existing #	Size (Sq. Ft.)	Proposed #	Size (Sq. Ft.)
Operating Rooms	17	7,682	20	12,800
Endo/Procedure Rooms	4	1,303	2	600
Open Heart Surgery	2	1,113	2	2,050
Surgery Prep and Recovery Areas	8	767	9	810
Ambulatory Staging Stations	30	2,497	33	4,620
PACU Stations	15	1,289	33*	3,630

*The increase in PACU stations is driven by the latest FGI requirements, which require 1.5 PACU stations per operating room.

Emergency Department	Existing Stations	Proposed
Exam/Treatment	25	24

8. **Section C. NEED. Question 5**

The applicant provided 174,951 outpatient visits in 2012. What are the projected outpatient visits for PRMC in Year One and Year Two of the proposed project?

169,964 and 176,763 respectively. An updated historical and projected utilization chart has been attached as attachment 8.a, reflecting these projections.

PRMC experienced a decrease of almost 15% in deliveries in the Obstetrics program from 1,722 in 2010 to 1,466 in 2012. In addition, Tennova Turkey Creek Medical Center's deliveries decreased almost 52% from 693 in 2010 to 333 in 2012 while the whole service area experienced a 2% in increase in deliveries. With this in mind, please clarify the reasons Tennova is experiencing significant declines in deliveries while the service area is experiencing an increase.

PRMC's deliveries decreased between 2010 and 2012 due to the loss of two key obstetricians, who moved their practices to another facility. In 2013 one new female obstetrician joined PRMC's medical staff and is now performing deliveries. A second female obstetrician has just joined PRMC's staff and is building her practice. In addition, a midwifery program has been launched at the hospital. These efforts have stabilized volumes, with 2013 volumes flat versus 2012 and 2014 year to date volumes trending up 1.5%. Long term, because obstetrics is a service line in which patients make a choice of facility for many different reasons, including the aesthetics of the unit, the replacement hospital is needed in order to support the efforts of the physicians who are currently delivering there.

The decline in deliveries referenced at Turkey Creek Medical Center is the result of a large independent OB/GYN practice (consisting of ten physicians) which lost four of those ten physicians at one time. This loss forced the group to consolidate the practice to one facility because of the inability to provide the required on-call

coverage. This group chose to consolidate to UT Medical Center because of the residency program at that hospital. This physician group works with and uses the residents to provide the required call coverage and patient rounding at that hospital.

In response, Turkey Creek Medical Center has recruited four OB/GYNs over the last three years, resulting in a recovery in volume. There were 544 deliveries at Turkey Creek Medical Center in 2013.

The service area major equipment utilization table on page 39 is noted. Please add a column that indicates the number of MRI's and PET/CT per provider. This will provide the number of procedures per equipment.

The updated table is attached as attachment 8.b.

The 2 tables on page 41 of the applicant are noted. However, please add an additional column that reflects the % change from 2010 to 2012 for each table.

The updated tables are attached as attachment 8.c.

The applicant states North Knoxville Medical Center may request a one year extension to add a 2nd linear accelerator. Please indicate the CON expiration date and when this request will occur.

The CON expiration date is December 1, 2014. The request for an extension will be submitted in September, 2014.

9. Section C. NEED. Question 6 (Applicant Utilization)

The historic utilization appears to be declining. In order to shed more light on the applicant's rationale, please provide the following utilization by services as indicated in the following table:

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Medical/Surgical (Beds)	258	258	258	192	192
Admissions	11,749	8,346	7,751	7,166	7,512
Average Daily Census	132.0	93.7	89.2	82.5	86.4
ALOS	4.1	4.1	4.2	4.2	4.2
Occupancy with observation days	55.2%	42.4%	38.8%	48.5%	52.0%
Occupancy without observation days included	51.2%	36.3%	34.6%	42.9%	45.0%
Obstetrical beds (including GYN)	32	32	32	22	22

Admissions	1,903	1,652	1,562	1,597	1,645
Average Daily Census	12.5	9.9	10.3	10.5	10.8
ALOS	2.4	2.2	2.4	2.4	2.4
Occupancy	45.3%	38.0%	37.7%	47.7%	49.2%

Department	2010	2011	2012	2018 Year 1	2019 Year 2
Inpatient Surgeries	5,094	5,095	4,698	5,241	5,450
Outpatient Surgeries	9,665	9,617	5,207	9,261	9,632
Total	14,759	14,712	9,905	14,502	15,082
ICU/CCU (Beds)	28	28	28	32	32
Admissions	3,883	3,499	3,631	3,644	3,790
Average Daily Census	21.4	19.7	20.1	24.9	25.9
ALOS	2.43	2.02	2.79	2.5	2.5
Occupancy	92.6%	69.2%	99.3%	78%	81.1%
Neonatal	15	15	15	10	10
Admissions	196	173	166	186	194
Average Daily Census	5.4	4.3	3.8	5.45	5.69
ALOS	10.0	10.8	10.7	10.7	10.7
Occupancy	59.9%	29.3%	25.4%	54.5%	56.8%
Inpatient Rehabilitation	30	30	30	16	16
Admissions	401	378	282	365	380
Average Daily Census	15.7	13.5	11.3	14.5	15.1
ALOS	14.4	13.4	14.6	14.5	14.5
Occupancy	52.8%	43.3%	37.5%	90.6%	94.3%
Psych Inpatient (Beds)	38	38	38	38	38
Admissions	1,562	1,515	1,484	1,499	1,514
Average Daily Census	25.0	23.7	24.3	24.2	24.5
ALOS	5.8	5.7	6.0	5.9	5.9
Occupancy	65.7%	62.3%	63.9%	63.7%	64.4%
	2010	**2011**	**2012**	**2018 Year 1**	**2019 Year 2**
Total Hospital (PRMC)	401	401	401	297	297
Admissions	19,694	15,563	14,876	14,457	15,035
Average Daily Census	249.1	224	215.3	178.2	185.4
ALOS	4.3	4.3	4.5	4.5	4.5
Occupancy	**63.5%**	**57.1%**	**54.9%**	**70.5%**	**73.1%**
Occupancy without observation days included	**60.6%**	**54.3%**	**52.2%**	**65.5%**	**68.1%**

SUPPLEMENTAL #1
August 27, 2014
8:24 am

Emergency Department: What annual visit volume is the proposed Emergency Department programmed to accommodate?

Please complete the following table:

Emergency Department	2010	2011	2012	2018 Year 1	2019 Year 2
Walk-in/ fast track cases	18,337	18,759	19,033	17,180	17,867
Urgent cases	19,824	20,280	20,576	18,573	19,316
Emergent cases	11,398	11,662	11,831	10,680	11,107
Total Visits	49,559	50,701	51,440	46,433	48,290

10. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The architect's letter is noted. However, please provide documentation from a licensed architect or construction professional that includes the following:

1) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and

2) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the new 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

A letter from the architect is attached as attachment 10.a.

There appears to be a slight calculation error in the Project Cost Chart. Please verify and resubmit.

There were two digits transposed in the "Interim Financing" line. It has been corrected, and the updated chart is submitted as attachment 10.b.

Your response is noted. Please breakout the listing of moveable medical equipment in the Project Costs Chart which will cost more than $50,000.

The cost of individual moveable medical equipment items that are greater than $50,000 is attached as attachment 10.c.

11. Section C, Economic Feasibility, Item 2 and Item 10

It is noted the applicant plans to fund the proposed $303,545,204 project with cash reserves. However, Community Health Systems Consolidated

Balance Sheet ending December 31, 2013 reflects $373,403,000 in cash and cash equivalents, a total of $3,747,963,000 in current assets and $2,457,483,000 in current liabilities resulting in a current ratio of 1.52:1. Please discuss the availability of cash to fund operations of Community Health Systems while 81.2% of available cash will be devoted to this proposed project.

CHS/Community Health Systems, Inc. plans to use cash on hand to fund the costs of the project and notes that the costs would be incurred over the life of the project and therefore excess cash flow from operations would be available to replenish cash on hand. In the event that cash on hand does not cover the entire cost of the project, CHS/Community Health Systems would have $700,000,000 available under its Revolving Line of Credit. The revolver is liquid in that funds can be can made available on the same day, if necessary.

Please discuss how the recent Medicare settlement of $98,000,000 to resolve allegations CHS overbilled Medicare and Medicaid will impact the financial viability and cash flow of CHS and the funding of this project.

The settlement payment has been fully funded and will have no impact on the ability to provide capital resources for the project.

It is reported Community Health Services recently was the victim in the cyber theft of personal patient data belonging to 4.5 million patients. Please clarify if this reported action will have a material adverse effect on CHS financial results.

CHS/Community Health Systems, Inc. carries cyber/privacy liability insurance and does not believe this incident will have a material adverse effect on its business or financial results.

12. Section C, Economic Feasibility, Item 3

The costs per square foot of construction compared to similar projects recently approved is noted. What year is the applicant basing the comparison?

The comparison came directly from the Health Services and Development Agency, and is for 2013.

13. Section C. (Economic Feasibility) Question 4 (Historical Data Chart)

Please clarify the reason charity care increased from $23,579,000 in 2011 to $42,471,000 in 2013.

In 2011, charity care was calculated utilizing Mercy Health Partners' standards of accounting. With Health Management Associates' purchase of Mercy Health Partners and PRMC, the hospital's internal accounting guidelines for calculating charity care included anything covered under the hospital's charity care policy (attached as attachment 13), as well as uninsured and self-pay write-offs.

Please clarify the reason taxes increased from $4,404,000 in 2011 to $17,633,000 in 2013.

On September 1, 2011, Mercy Health Partners, including Mercy Medical Center – St. Mary's, which is now known as Physicians Regional Medical Center, was purchased by Health Management Associates. Mercy Health Partners was a not-for-profit health system, and as such paid no property or sales tax. The tax figures in the Historical Data Chart reflect that for eight months of 2011, the hospital essentially paid no taxes. With the change in its not-for-profit status, PRMC began contributing to the tax base of the communities it serves.

Why did management fees decrease from $40,275,000 in 2011 to $12,117,000 in 2013?

In 2011, nine months of management fees came from Catholic Health Partners, the entity that owned Mercy Health Partners and PRMC at that time. The management fees in 2011 reflect the corporate allocation that was charged to PRMC under Catholic Health Partners. In 2012 and 2013, the management fees reflect the corporate allocation that was charged to PRMC by the entity that owned it during that period, Health Management Associates. The corporate allocation from Health Management was booked to the hospital from the corporate office in Naples, Florida, with no detailed breakdown provided.

Under other expenses on page 50, why did outside services expense increase from $2,073,000 in 2011 to $16,544,000 in 2013?

Various services that support the hospital were outsourced between 2011 and 2013, including housekeeping and dietary services.

What included is included in the category "all other miscellaneous expenses" totaling $33,732,000 in 2011? Also, why did this category decrease from $33,732,000 in 2011 to $1,748,000 in 2013?

There is no longer a detailed record available of what comprised the $33,732,000 in 2011, although it is safe to assume that some substantial portion of that cost relates to the consulting and brokerage fees for the sale of the health system in 2011. However, no supporting detail of this charge is available.

SUPPLEMENTAL #1
August 27, 2014
8:24 am

14. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

Please provide utilization data (unit of measure) for inpatient services, outpatient services, and emergency services and resubmit the Projected Data Chart.

An updated Projected Data Chart is attached as attachment 14, reflecting the requested change.

Why are there no management fees in the Projected Data Chart, but they are located in the Historical Data Chart? If needed, please include management fees in the Projected Data Chart and resubmit.

PRMC's former parent company, Health Management Associates, was acquired by CHS/Community Health Systems, Inc. in January, 2014. As a result of that change, certain methods of accounting have changed. While management services are provided by Community Health Systems Professional Services Corporation, management fees are accounted for "below the line," and will not be reflected as an expense to the hospital in future years.

Please clarify where education, dues, and subscription expenses are located in the Projected Data Chart.

Due to the aforementioned change in accounting procedures, education, dues and subscriptions are located in the "Other Operating" line of the Projected Data Chart, which is item number 9 in the "Other Expenses" portion of the chart.

15. Section C. (Economic Feasibility) Question 9

Please verify the amount calculated of $736,763,000 that represents 56% Medicare/Managed Care. It appears the total is $736,033,760.

Agreed. The total projected gross revenue in the first year of the project from Medicare/Managed Care should equal $736,033,760.

The participation is state and federal programs are noted. Please clarify if the Medicare/Managed Care and TennCare/Medicaid payor mix will change as a result of the proposed relocation. If so, by what percentage?

No change in payor mix is anticipated as a result of the proposed relocation.

16. Section C. (Economic Feasibility) Question 11

The choice to not expand Turkey Creek Medical Center and North Knoxville Medical Center is noted. However, the combined average daily census of Tennova's three inpatient facilities was 292.3 out of 611 licensed

beds in 2012. Currently, 209 of the applicant's 610 licensed beds are located at North Knoxville Medical Center and Turkey Creek Medical Center. At current occupancy rates a total of 350 beds would be needed to maintain an occupancy rate of 80% at all three Tennova sites. With this example, the applicant would need 141 beds at the new proposed facility rather than the 272 requested. Please discuss if the applicant has considered building a facility in phases starting with 150 beds. The proposed site could be planned in a way to expand easily in the future to meet increased demand.

A bed need analysis was conducted for all three facilities (PRMC, North Knoxville Medical Center, and Turkey Creek Medical Center) prior to submitting this application. Given the timeline to execute a replacement hospital, the first year of operations would be 2018. The bed need analysis planned and sized a facility for 2023, which is five years from the planned opening date. Because the facility is being planned and sized for 2023, moderate growth assumptions in patient volumes were made, which drive bed need. Along those lines, assuming just 1% annual growth for patient volumes, 2023 bed need for the three facilities combined is 429.2, which is a reasonable assumption, since the population growth rate is expected to be close to 1% annually. Just assuming 1% growth in line with projected population growth, all three hospital campuses would be at a combined 79.6% capacity within five years of opening the hospital. This is a conservative estimate, since the 1% growth rate is below the expected 1.66% annual growth rate of patient days in the market (according to Sg2 and Advisory Board data). At a 1.66% growth in patient days, projected bed need across the three facilities goes to 458.08 in 2023, which is 85.3%. It is important to note that all estimates related to future hospital capacity include capacity for observation patients. While statistics for observation patients do not appear in the state data or admissions data that is presented as part of the application process, capacity to treat observation patients must be built in to the plan, particularly with the change in CMS guidelines, which will only increase hospitals' percentage of observation patients.

Finally, the costs to build a smaller facility in order to immediately reflect an 80% occupancy rate would require a future vertical expansion, given the need to build a facility that is highly efficient as well as maximizes the available space on the site. Vertical expansion is extremely costly and very disruptive to ongoing business. A letter from the project architect is attached as attachment 16, outlining the architect's opinion regarding future expansion.

Please complete the following table indicating the date the applicant expects the following facilities will meet occupancy benchmarks in the future.

Licensed Bed Occupancy	PRMC	Tennova-North Knoxville	Turkey Creek Medical Center
	Date	**Date**	**Date**
40%		2012	2012
50%	2014 - 2017	2014	2013
60%		2015/2016	2014/2015
70%	2018*	2017	2016
80%	2023	2018	2018
90%			

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*Based on the assumption of moving to the replacement hospital facility.

17. Section C. (Contribution to Orderly Development) Question 2.

The applicant states the proposed project will have no impact on existing providers. Since the applicant is moving 9 miles toward a higher growth area how can this project not have an impact on existing providers?

The majority of the hospital's admissions and outpatient procedures are referred to the hospital by physicians who are members of PRMC's medical staff. It is anticipated that the same medical staff, along with additional physicians who are being recruited to the market to meet the needs of the service area, will be referring patients to the replacement hospital facility. While some EMS patterns may change, in general, patients will follow their referring physician and remain loyal to their physician who is practicing at another healthcare facility.

What impact will this proposal have on Tennova's Turkey Creek location which has an occupancy rate of 45.7% in 2012?

There is no expected impact to Turkey Creek Medical Center. The hospital has a different group of physicians practicing at Turkey Creek versus PRMC, and historic referral and patient patterns are very different between the two hospitals. In addition, Turkey Creek Medical Center is experiencing strong growth. The occupancy rate for 2013 was 51%, and the occupancy rate year-to-date 2014 is 54%. With continued development of service lines, physician recruitment, and population growth these rates are expected to continue to grow.

18. Section C. (Contribution to Orderly Development) Question 3. (Current and Proposed Staffing)

Please provide both the current and proposed staffing levels as requested by the application. Please provide a revised table that includes projected staffing for employees (Registered Nurses, Licensed Practical and Vocational Nurses, Surgical Techs, Radiological Techs, etc.) providing direct patient care only.

As outlined in the application, there is no appreciable change in staffing anticipated in the first year of the project. The requested table is attached as attachment 18.

19. Section C. (Contribution to Orderly Development) Question 7 (d.)

Please submit a copy of the most recent Joint Commission Survey referenced in the application.

A copy of the very recent Joint Commission Survey final report is not available. The survey will be submitted as soon as it has been received from the Joint Commission.

Please clarify if any of the most recent inspections included deficiencies in the physical plant of the applicant.

The most recent Joint Commission survey did indicate that there are multiple items that would be considered deficiencies in a new facility, because the code requirements have changed substantially in the years since the hospital was constructed. For example, current codes require that there be sufficient space between the ceiling of a patient care unit and the floor of the space above it such that air exchanges, data and communications lines, sprinklers, etc. can be housed between the ceiling and the floor above. The spaces between the ceilings and the floors above in the existing hospital are inadequate to meet this requirement, and there is no reasonable way to renovate that would allow the requirement to be met, short of gutting the buildings. The facility is compliant, through previously approved exceptions, but any significant renovation or addition to the existing facility would require that these exception items be corrected, which adds exponentially to the cost of improvements.

It is important to note that the Joint Commission is surveying for life/safety and code requirements, not for a facility's efficiency or accessibility.

20. Section C. (Contribution to Orderly Development) Question 8

The applicant did not report a recent $98 million dollar Medicare settlement. Please provide details of the allegations and terms of the settlement. In your response, please clarify if Physician's Regional Medical Center was included in the settlement.

The civil settlement with the Federal government (Medicare and Tricare) and state Medicaid agencies arose from an investigation that commenced in the spring of 2011. The government (and underlying qui tam relators) alleged that hospitals affiliated with Community Health Systems, Inc. ("CHS") had improperly billed for treatment provided to patients over the age of 65. The patients were admitted as inpatients by their treating physicians and cared for in an inpatient setting and bills submitted for that level of care. The government subsequently asserted that the patients should have been classified as "observation" patients and billed as such. In reaching the settlement, CHS worked cooperatively with the government, did not admit to any improper conduct, and sought to avoid the uncertainty of litigation. The settlement and releases were for the non-HMA acquired facilities, so Physicians Regional Medical Center (PRMC)was not part of that settlement, however, all affiliates of CHS are covered by the Corporate Integrity Agreement entered into in connection with the settlement between CHS and the HHS OIG.

21. Project Completion Chart

The applicant projects the final project report form to be filed in June 2018. Does the applicant plan to request an extension past a 3 year certificate of need time frame?

PRMC will be requesting a four year time frame to complete the project if approved.

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." 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 October 17, 2014. 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.

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Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart
Health Services Development Examiner

PME

Enclosure

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List of Attachments

Attachment 1	Replacement page – Applicant Profile
Attachment 2	Corporate Information from TN Secretary of State
Attachment 4	Assignment of Real Estate Purchase and Sale Agreement
Attachment 6	Site Plan – Potential Future Development
Attachment 8.a	Updated Historic and Projected Utilization Chart
Attachment 8.b	Updated Major Equipment Utilization Table
Attachment 8.c	Updated PET/CT and Linear Accelerator Tables
Attachment 10.a	Architect's Letter / Attestation
Attachment 10.b	Updated Project Cost Chart
Attachment 10.c	Listing of Moveable Equipment Over $50,000 per Item
Attachment 13	Charity Care Policy
Attachment 14	Updated Projected Data Chart
Attachment 16	Architect's Letter
Attachment 18	Projected Staffing Chart

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Attachment 1

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SECTION A:

APPLICANT PROFILE

1. ***Name of Facility, Agency, or Institution***			
Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center			
Name			
Currently Unaddressed Site at the intersection of Middlebrook Pike and Old Weisgarber Road		**Knox**	
Street or Route		*County*	
Knoxville	**TN**	**37909**	
City	*State*	*Zip Code*	
2. ***Contact Person Available for Responses to Questions***			
Melanie B. Burgess	**Vice President of Development**		
Name	*Title*		
Tennova Healthcare	**melanie.burgess@hma.com**		
Company Name	*Email address*		
930 Emerald Ave, POB Suite 813	**Knoxville**	**TN**	**37917**
Street or Route	*City*	*State*	*Zip Code*
Employee	**865-647-5604**	**865-647-5630**	
Association with Owner	*Phone Number*	*Fax Number*	
3. ***Owner of the Facility, Agency or Institution***			
Knoxville HMA Holdings, LLC		**865-647-5600**	
Name		*Phone Number*	
930 Emerald Ave., POB Suite 813	**Knox**		
Street or Route	*County*		
Knoxville	**TN**	**37919**	
City	*State*	*Zip Code*	

4. ***Type of Ownership of Control (Check One)***

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

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

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Attachment 2

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STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

Name: **Metro Knoxville HMA, LLC**

General Information

SOS Control # :	**660505**	Formation Locale:	TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed:	06/10/2011
Filing Date:	06/10/2011 2:52 PM	Fiscal Year Close	12
Status:	Active	Member Count:	1
Duration Term:	Perpetual		
Managed By:	Director Managed		

Registered Agent Address
BEN FORDHAM
COMMUNITY HEALTH SYSTEMS
4000 MERIDIAN BLVD
FRANKLIN, TN 37067-6325

Principal Address
4000 MERIDIAN BLVD
FRANKLIN, TN 37067-6325

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

Date Filed	Filing Description	Image #
03/29/2014	2013 Annual Report	A0229-0061

Principal Address 1 Changed From: 200 E BLOUNT AVE To: 4000 MERIDIAN BLVD
Principal City Changed From: KNOXVILLE To: FRANKLIN
Principal Postal Code Changed From: 37920-1611 To: 37067-6325
Principal County Changed From: KNOX COUNTY To: WILLIAMSON COUNTY
Managed By Changed From: Member Managed To: Director Managed
Registered Agent Organization Name Changed From: C T CORPORATION SYSTEM To: No Value
Registered Agent First Name Changed From: No Value To: BEN
Registered Agent Last Name Changed From: No Value To: FORDHAM
Registered Agent Physical Address 1 Changed From: 800 S GAY ST To: 4000 MERIDIAN BLVD
Registered Agent Physical Address 2 Changed From: STE 2021 To: No Value
Registered Agent Physical Address 3 Changed From: No Value To: COMMUNITY HEALTH SYSTEMS
Registered Agent Physical City Changed From: KNOXVILLE To: FRANKLIN
Registered Agent Physical County Changed From: KNOX COUNTY To: WILLIAMSON COUNTY
Registered Agent Physical Postal Code Changed From: 37929-9710 To: 37067-6325

07/23/2013 Assumed Name Cancellation 7224-2625

Name Status Changed From: Active (Tennova Center for Occupational Medicine) To: Inactive - Name Cancelled

Filing Information

Name: **Metro Knoxville HMA, LLC**

(Tennova Center for Occupational Medicine)

06/28/2013 Assumed Name 7217-1658

New Assumed Name Changed From: No Value To: Tennova Center for Occupational Medicine

05/28/2013 Assumed Name 7208-0392

New Assumed Name Changed From: No Value To: Tennova Health & Fitness Center

02/27/2013 2012 Annual Report A0157-2534

Member Count Changed From: 2 To: 1

10/19/2012 Assumed Name Cancellation 7108-0749

Name Status Changed From: Active (Tennova Healthcare) To: Inactive - Name Cancelled (Tennova Healthcare)

07/19/2012 Assumed Name 7078-0166

New Assumed Name Changed From: No Value To: Tennova Women's Care

07/19/2012 Assumed Name 7078-0168

New Assumed Name Changed From: No Value To: Tennova South Imaging Center

03/26/2012 2011 Annual Report A0111-2700

Principal Address 1 Changed From: 5811 PELICAN BAY BLVD SUITE 500 To: 200 E BLOUNT AVE

Principal Address 2 Changed From: No value To: STE 600

Principal City Changed From: NAPLES To: KNOXVILLE

Principal State Changed From: FL To: TN

Principal Postal Code Changed From: 34108 To: 37920-1611

Principal County Changed From: No value To: KNOX COUNTY

Member Count Changed From: 1 To: 2

09/08/2011 Assumed Name 6936-2860

New Assumed Name Changed From: No Value To: Tennova Sleep Center North

09/08/2011 Assumed Name 6936-2861

New Assumed Name Changed From: No Value To: Tennova Sleep Center South

09/08/2011 Assumed Name 6936-2862

New Assumed Name Changed From: No Value To: Tennova Sleep Center West

09/08/2011 Assumed Name 6936-2863

New Assumed Name Changed From: No Value To: Tennova Physical Therapy and Sports Medicine North

09/08/2011 Assumed Name 6936-2864

New Assumed Name Changed From: No Value To: Tennova Surgery Center West

09/08/2011 Assumed Name 6936-2865

New Assumed Name Changed From: No Value To: Tennova Ambulatory Care Center South

09/08/2011 Assumed Name 6936-2866

New Assumed Name Changed From: No Value To: Tennova Pain Management Center North

09/08/2011 Assumed Name 6936-2867

New Assumed Name Changed From: No Value To: Tennova Pain Management Center Northshore

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Filing Information

Name: **Metro Knoxville HMA, LLC**

09/08/2011 Assumed Name 6936-2868

New Assumed Name Changed From: No Value To: Tennova Cardiac Rehab Services East Towne

09/08/2011 Assumed Name 6936-2870

New Assumed Name Changed From: No Value To: Tennova Diabetes Management Center

09/08/2011 Assumed Name 6936-2871

New Assumed Name Changed From: No Value To: Tennova Rehab Care Center

09/08/2011 Assumed Name 6936-2872

New Assumed Name Changed From: No Value To: Tennova Women's Pavillion

09/08/2011 Assumed Name 6936-2873

New Assumed Name Changed From: No Value To: Tennova Pain Management Center

09/08/2011 Assumed Name 6936-2874

New Assumed Name Changed From: No Value To: Tennova Transitional Care Unit

09/08/2011 Assumed Name 6936-2875

New Assumed Name Changed From: No Value To: Tennova Wound Healing Center

09/08/2011 Assumed Name 6936-2876

New Assumed Name Changed From: No Value To: Tennova Physical Therapy

09/08/2011 Assumed Name 6936-2877

New Assumed Name Changed From: No Value To: Tennova Behavioral Services

09/02/2011 Assumed Name 6934-3116

New Assumed Name Changed From: No Value To: Tennova Healthcare

09/02/2011 Assumed Name 6934-3117

New Assumed Name Changed From: No Value To: Tennova Healthcare - Physcians Regional Medical Center

09/02/2011 Assumed Name 6934-3118

New Assumed Name Changed From: No Value To: Tennova Healthcare - Turkey Creek Medical Center

09/02/2011 Assumed Name 6934-3119

New Assumed Name Changed From: No Value To: Tennova Healthcare - North Knoxville Medical Center

06/10/2011 Initial Filing 6903-0364

Active Assumed Names (if any)	Date	Expires
Tennova Health & Fitness Center	05/28/2013	05/28/2018
Tennova South Imaging Center	07/19/2012	07/19/2017
Tennova Women's Care	07/19/2012	07/19/2017
Tennova Behavioral Services	09/09/2011	09/08/2016
Tennova Physical Therapy	09/09/2011	09/08/2016
Tennova Wound Healing Center	09/09/2011	09/08/2016
Tennova Transitional Care Unit	09/09/2011	09/08/2016
Tennova Pain Management Center	09/09/2011	09/08/2016
Tennova Women's Pavillion	09/09/2011	09/08/2016
Tennova Rehab Care Center	09/09/2011	09/08/2016

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Filing Information

Name: **Metro Knoxville HMA, LLC**

Tennova Diabetes Management Center	09/09/2011	09/08/2016
Tennova Cardiac Rehab Services East Towne	09/09/2011	09/08/2016
Tennova Pain Management Center Northshore	09/09/2011	09/08/2016
Tennova Pain Management Center North	09/09/2011	09/08/2016
Tennova Ambulatory Care Center South	09/09/2011	09/08/2016
Tennova Surgery Center West	09/09/2011	09/08/2016
Tennova Physical Therapy and Sports Medicine North	09/09/2011	09/08/2016
Tennova Sleep Center West	09/09/2011	09/08/2016
Tennova Sleep Center South	09/09/2011	09/08/2016
Tennova Sleep Center North	09/09/2011	09/08/2016
Tennova Healthcare - North Knoxville Medical Center	09/02/2011	09/02/2016
Tennova Healthcare - Turkey Creek Medical Center	09/02/2011	09/02/2016
Tennova Healthcare - Physcians Regional Medical Center	09/02/2011	09/02/2016

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Attachment 4

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ASSIGNMENT OF REAL ESTATE PURCHASE AND SALE AGREEMENT

1255 Old Weisgarber Road
Knoxville, Tennessee

THIS ASSIGNMENT OF REAL ESTATE PURCHASE AND SALE AGREEMENT (this "**Agreement**") is executed and intended to be effective as of January 18, 2013 (the "**Effective Date**"), by and between JOHN M. ADAMS, III, a shareholder of Oak Leaf Capital Partners, LLC, as agent for an undisclosed principal ("**Assignor**") and METRO KNOXVILLE HMA, LLC, a Tennessee limited liability company ("**Assignee**"), with reference to the following:

A. Assignor, as purchaser, has entered into that certain Real Estate Purchase and Sale Agreement, effective as of January 2, 2013 (the "**Purchase Agreement**"), pursuant to which Assignor agreed to purchase approximately 100 acres of real property located at 1255 Old Weisgarber Road, in the City of Knoxville, Knox County, State of Tennessee (the "**Real Property**"), which Real Property is a portion of a tract of 107± acres of land known as Tax Parcel 106KC017, from Berta Mary W. Swan, Charles K. Swan III, Laura Swan Marshall, Richard H. Swan, Rikki Noel Waterhouse, Kimberlee Ann Waterhouse, Richard G. Waterhouse III, and Tracy Lynn Waterhouse Steele W. Swan (collectively, the "**Sellers**");

B. Assignee is the undisclosed principal for whom Assignor was acting. Assignor wishes to assign, convey and transfer to Assignee all of Assignor's rights and interests in the Purchase Agreement, including, without limitation, Assignor's right to purchase the Real Property in accordance with the terms and conditions contained in the Purchase Agreement, and Assignee wishes to accept and obtain all such rights and interests.

C. All capital terms used in this Agreement shall have the meaning given such terms in the Purchase Agreement unless otherwise provided herein.

THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, Assignor and Assignee hereby mutually agree as follows:

1. Assignment. Assignor hereby assigns, conveys, transfers and delivers to Assignee all of Assignor's right, title and interest in, under and to the Purchase Agreement with respect to the Real Property, subject to the terms and provisions hereof.

2. Assumption. Assignee hereby accepts the assignment of Assignor's right, title and interest in, under and to the Purchase Agreement with respect to the Real Property and Assignee hereby assumes, undertakes and agrees to perform and discharge all of Assignor's duties and obligations under the Purchase Agreement with respect to the Real Property, subject to satisfaction of the conditions contained in the Purchase Agreement.

3. Governing Law. This Assignment shall be governed by, and construed and enforced in accordance with, the laws of the State of Tennessee without reference to conflict of laws of principles.

4. Counterparts. This Assignment may be executed in several counterparts and all such executed counterparts shall constitute one agreement, which shall be binding on Assignor and Assignee notwithstanding that all parties are not signatories to the same counterpart or counterparts.

5. Further Assurances. Assignor and Assignee hereby agree to execute, acknowledge and deliver such other statements, certificates, affidavits, instruments, and other documents as may be reasonably requested by the other party in order to confirm, perfect, evidence or otherwise effectuate the assignment and assumption affected hereby.

[end of page – signatures on following page]

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IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment for delivery as of the date first written above.

ASSIGNOR:

JOHN M. ADAMS, III, a shareholder of Oak Leaf Capital Partners, LLC

By: _____
Name: John M. Adams III
Title: Secretary

[SIGNATURES CONTINUE ON NEXT PAGE]

SUPPLEMENTAL #1

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ASSIGNEE:

METRO KNOXVILLE HMA, LLC, a Tennessee limited liability company

By: _____
Name: Steven E. Clifton
Title: Senior Vice President

SUPPLEMENTAL #1

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Attachment 6

AUGUST 26, 2014

CONCEPT PLAN EXHIBIT
PHYSICIANS REGIONAL MEDICAL CENTER
KNOXVILLE, TN

Littlejohn

tmp

SUPPLEMENTAL #1

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Attachment 8.a

PRMC Key Statistics and Growth Projections

	2011	2012	2013	2014 Annualized	2015	2016	2017	2018 - Project Year 1	2019 - Project Year 2
Admissions	17,639	15,563	14,876	13,492	13,627	13,763	13,901	14,457	15,035
Patient Days	82,081	74,903	70,887	60,444	61,048	61,659	62,276	64,767	67,357
IP Surgeries	4,462	5,095	4,698	4,891	4,940	4,989	5,039	5,241	5,450
OP Surgeries	9,671	5207**	9,305	8,643	8,729	8,817	8,905	9,261	9,632
OP Procedures	195,886	174,951	159,535	158,621	160,207	161,809	163,427	169,964	176,763
ICU/CCU Admissions	3,302	3,499	3,631	3,401	3,435	3,469	3,504	3,644	3,790
ED Visits	51,495	52,097	45,827	43,334	43,767	44,205	44,647	46,433	48,290
Births	1,552	1,466	1,427	1,406	1,420	1,434	1,449	1,507	1,567
Level IIB Nursery Admissions	173	166	186	174	176	177	179	186	194
Cardiac Catheterizations	5,858	3,647	3,998	4,742	4,789	4,837	4,886	5,081	5,284
Open Heart Surgeries	374	312	325	362	366	369	373	388	403
PET/CT scans	1,180	1,033	1,909	842	850	859	868	902	938
MRI scans	6,033	5,818	3,993	5,124	5,175	5,227	5,279	5,490	5,710
Radiation therapy treatments	3,621	2112*	3,801	3,516	3,551	3,587	3,623	3,767	3,918
IP Rehabilitation admissions	378	282	363	341	344	348	351	365	380
Lithotripsy procedures	280	230	235	198	200	202	204	212	221

*Linear accelerator was closed for upgrade for four months during 2012.

** Different method of calculating OP surgeries under former ownership.

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Attachment 8.b

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SERVICE AREA DESIGNATED EQUIPMENT UTILIZATION
INPATIENT AND OUTPATIENT PROCEDURES
CALENDAR YEAR 2012

	LITHOTRIPSY		MRI				PET/CT			
FACILITY	IP	OP	# of units	IP	OP	Procedures per unit	# of units	IP	OP	Procedures per unit
PRMC	57	173	2	2,021	3,797	2,909	1	131	902	1,033
University of TN Med Ctr	18	551	4	2,998	14,602	4,400	2	233	2,562	1,398
East TN Diagnostic Center	0	0	0	0	0	n/a	1	0	2,049	2,049
Blount Memorial Hospital	0	161	2	1,898	5,980	3,939	1	24	1,720	1,744
Morristown - Hamblen	0	0	2	436	4,134	2,285	0.5	1	404	810
Methodist Med Ctr of Oak Ridge	19	225	2	1,358	5,117	3,238	0.6	3	163	277
Tennova - Lafollette Med Ctr	0	0	1	12	1,317	1,329	0	0	0	n/a
Jellico Community Hospital	0	0	1	13	552	565	0	0	0	n/a
Claiborne County Hospital	0	0	1	120	1,380	1,500	0	0	0	n/a
Tennova - Newport Med Ctr	0	0	1	240	1,202	1,442	0	0	0	n/a
Lakeway Regional Hospital	5	37	1	223	2,065	2,288	0	0	0	n/a
Tennova - Jefferson Memorial	0	0	1	306	2,166	2,472	0	0	0	n/a
Turkey Creek Medical Center	0	43	1	269	2,420	2,689	0	0	0	n/a
Ft. Sanders Regional Med Ctr	28	160	2	2,068	6,452	4,260	0	0	0	n/a
Parkwest Medical Center	15	441	2	1,572	6,764	4,168	0	0	0	n/a
Tennova - North Knoxville	28	364	1	505	4,570	5,075	0	0	0	n/a
Fort Loudon Medical Center	0	0	1	155	2,142	2,297	0	0	0	n/a
Sweetwater Hospital Assoc.	0	0	1	152	1,486	1,638	0	0	0	n/a
Roane Medical Center	0	0	1	74	2,067	2,141	0	0	0	n/a
LeConte Medical Center	1	27	1	453	3,812	4,265	0	0	0	n/a
East TN Community Open MRI	0	0	2	0	1,860	930	0	0	0	n/a
Outpatient Diag Ctr of Knoxville	0	0	2	0	8,040	4,020	0	0	0	n/a
Total Service Area	171	2,118	32	14,873	62,468	2,417	6.1	392	7,396	1,277

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Attachment 8.c

SUPPLEMENTAL #1

August 27, 2014
8:24 am

SERVICE AREA PET/CT VOLUME
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

FACILITY	# of units	Inpatient			Outpatient			Total		
		2010	2011	2012	2010	2011	2012	2010	2011	2012
PRMC	1	433	173	131	1,450	1,007	902	1,883	1,180	1,033
Methodist of Oak Ridge	0.6	12	2	3	451	464	163	463	466	166
Blount Memorial	1	21	34	24	2,057	1,672	1,720	2,078	1,706	1,744
Morristown - Hamblen	0.5	0	5	1	313	309	404	313	314	405
Univ of TN Med Ctr	2	408	301	233	3,663	2,346	2,562	4,071	2,647	2,795
East TN Diagnostic Ctr	1	0	0	0	3,388	2,950	2,049	3,388	2,950	2,049
Total Service Area	6.1	874	515	392	11,322	8,748	7,396	12,196	9,263	8,192

SUPPLEMENTAL #1

August 27, 2014
8:24 am

PRMC SERVICE AREA LINEAR ACCELERATOR UTILIZATION TREND CALENDAR YEARS 2010 THROUGH 2012						
				Total Treatments		
FACILITY	County	Type Of Facility	# of units	2010	2011	2012
Physicians Regional Medical Center	Knox	Hospital	1	3,909	4,260	2,112*
Methodist Medical Center of Oak Ridge	Anderson	Hospital	2	9,572	8,296	8,503
Blount Memorial Hospital	Blount	Hospital	1	7,180	7,366	6,467
Baker Cancer Treatment Center	Claiborne	Hospital	1	3,844	3,911	3,380
Morristown - Hamblen Healthcare System	Hamblen	Hospital	1	7,044	6,131	7,090
East TN Radiation Therapy Services	Knox	Radiation	1	0	0	742
North Knoxville Medical Center	Knox	Hospital	1	7,615	7,700	7,437
Thompson Cancer Survival Center	Knox	ASTC	2	8,726	8,609	10,251
Thompson Cancer Survival Center West	Knox	ASTC	2	10,111	10,300	9,286
Turkey Creek Medical Center	Knox	Hospital	1	1,454	0	1,397
University of Tennessee Memorial	Knox	Hospital	2	11,172	10,554	10,270
Thompson Cancer Survival Center-Sevier	Sevier	ASTC	1	2,824	3,589	3,688
Total Service Area	--	--	16	73,451	70,716	70,623

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Attachment 10.a

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Thomas, Miller & Partners, PLLC
Architecture Interiors Planning Sustainable Design

5210 Maryland Way, Suite 200
Brentwood, Tennessee 37027-5065
615.377.9773
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Marc Stephen Rowland
REGISTERED ARCHITECT
AGRICULTURE
COMMERCE
NO. 021347
STATE OF TENNESSEE

8-22-2014

Date August 22, 2014

To Ms. Melanie Burgess
Vice President of Development, Tennova Healthcare
930 East Emerald Avenue, POB 8th Floor
Knoxville, Tennessee 37919

Project Replacement Facility – Physicians Regional Medical Center
Knoxville, Tennessee
TMP No. A04614

Subject Proposed Cost and Applicable Code Information

Dear Ms. Burgess

I have reviewed the cost information for the referenced project. The probable construction cost is $166,824,900. Line items for equipment, contingency, and architectural/engineering fees bring the total probable project cost to $303,545,204. Having current experience with comparable projects, it is my professional opinion that these costs are reasonable and compare favorably with similar projects.

This project is being developed under the current codes and standards enforced by the State of Tennessee as follows:

2012	INTERNATIONAL BUILDING CODE (IBC)
2012	INTERNATIONAL MECHANICAL CODE
2012	INTERNATIONAL PLUMBING CODE
2012	INTERNATIONAL FUEL GAS CODE
2011	NATIONAL ELECTRIC CODE
2012	INTERNATIONAL ENERGY CONSERVATION CODE
2012	NFPA 101 LIFE SAFETY CODE
2002	NORTH CAROLINA ACCESSIBILITY CODE WITH 2004 AMENDMENTS
2010	ADA STANDARDS FOR ACCESSIBLE DESIGN
2010	FGI - GUIDELINES FOR DESIGN AND CONSTRUCTION OF HEALTH CARE FACILITIES
2008	ASHRAE HANDBOOK OF FUNDAMENTALS

Please let me know if any further information is required.

Sincerely,

Marc S. Rowland, AIA ACHA
Principal-in-Charge
Tennessee Certificate Number 21,347

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SUPPLEMENTAL #1

August 27, 2014
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Attachment 10.b

SUPPLEMENTAL #1

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PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$ 9,815,274
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$60,000
	3.	Acquisition of Site	$14,875,000
	4.	Preparation of Site	$3,150,000
	5.	Construction Costs	$161,179,900
	6.	Contingency Fund	$9,542,171
	7.	Fixed Equipment (Not included in Construction Contract)	$30,028,151
	8.	Moveable Equipment (List all equipment over $50,000)	$59,937,757
	9.	Other (Specify) _____	

B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify) _____	
	5.	Other (Specify) _____	

C.	Financing Costs and Fees:		
	1.	Interim Financing	$14,911,951
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify)_____	

D.	Estimated Project Cost (A+B+C)	$303,500,204

E.	CON Filing Fee	$45,000

F.	Total Estimated Project Cost (D+E)	$303,545,204

	TOTAL	**$303,545,204**

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Attachment 10.c

Moveable Equipment
Breakout of individual items over $50,000

ID # / CAD ID	Description	Manufacturer	Qty	Unit Cost	Extended Cost
C-109510	Video System, Surgical	Olympus American - Scientific	24	$ 120,000.00	$ 2,880,000.00
C45-012	Computer Workstation, Cardiac Cath-Lab	GE Healthcare - Cardiology	11	$ 210,000.00	$ 2,310,000.00
C-109462	Telemetry, Wireless, 13-16 Patient Channels	MindRay - Datascope	9	$ 200,000.00	$ 1,800,000.00
5740-010	Ultrasound Imaging, Vascular Access	Volcano Corp	8	$ 169,050.00	$ 1,352,400.00
3370-031	Anesthesia Machine, General	GE Healthcare	24	$ 50,000.00	$ 1,200,000.00
C-106707	Allowance - Surgical Instruments	Specialty Surgical Instrumentatio	22	$ 50,000.00	$ 1,100,000.00
6927-000	Allowance - Software	GE Healthcare	4	$ 200,000.00	$ 800,000.00
4808-000	Ultrasound, Imaging, Cardiac / Echo	GE Healthcare - Imaging	5	$ 250,000.00	$ 1,250,000.00
5946-011	Table - Surgical, Orthopedic	Mizuho OSI	10	$ 68,750.00	$ 687,500.00
4389-013	Sterilizer, Hydrogen Peroxide	STERIS Corporation	2	$ 216,000.00	$ 432,000.00
4183-007	Pump, Balloon, Intra-Aortic	MAQUET Cardiovascular	7	$ 55,570.00	$ 388,990.00
4172-014	Pump, Heart / Lung Bypass	Sorin Group USA	2	$ 190,000.00	$ 380,000.00
4569-000	Ultrasound, Imaging, Multipurpose	GE Healthcare	2	$ 175,000.00	$ 350,000.00
4815-003	Computer Workstation, Data Mgt, Obstetric	GE Healthcare	1	$ 300,000.00	$ 300,000.00
6287-009	Computer Workstation, Cardiac Cath-Lab / EP	GE Healthcare	2	$ 130,000.00	$ 260,000.00
5509-000	Microscope, Operating, General	Carl Zeiss Surgical Products	1	$ 150,000.00	$ 150,000.00

SUPPLEMENTAL #1
August 27, 2014
8:24 am

SUPPLEMENTAL #1

August 27, 2014
8:24 am

ID # / CAD ID	Description	Manufacturer	Qty	Unit Cost	Extended Cost
4183-011	Pump, Balloon, Intra-Aortic	MAQUET Cardiovascular	2	$ 66,040.00	$ 132,080.00
C-227107	Computer Workstation	Olympus America - Endo	1	$ 125,000.00	$ 125,000.00
C-039473	Ultrasound, Diagnostic, OB/GYN, Mobile	GE Healthcare	1	$ 108,785.00	$ 108,785.00
7733-001	Computed Radiography, Plate-reader, Single	Carestream Health	1	$ 90,000.00	$ 90,000.00
5372-017	Pulmonary Function Testing System, General	CareFusion	1	$ 66,000.00	$ 66,000.00
6224-000	Electroencephalograph	Nihon Kohden America	1	$ 65,000.00	$ 65,000.00
7689-002	Ultrasound, Imaging, OB/GYN, Portable	FUJIFILM SonoSite	1	$ 50,000.00	$ 50,000.00

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Attachment 13

Schedule 9.3

Charity Care Policy

Tennova Healthcare

POLICIES AND PROCEDURES MANUAL

Policy Number:	5.3.1
Page Number:	1 of 68
Effective Date:	10/01/11

TITLE: **CHARITY CARE**

PURPOSE: To establish a uniform process for providing assistance to patients who cannot pay for part or all of the medical care they require.

SUPERSEDES: Charity Care Policy, dated 10/01/11

POLICY STATEMENT

Tennova Healthcare will provide medically necessary services for those in need regardless of their ability to pay. Confidentiality of information and the dignity of the individual will be maintained for all who seek and are provided free or discounted services.

POLICY ELABORATION

Charity care represents healthcare services that are provided, which the facility never expects to receive reimbursement for, because of the patient's inability to pay. As a result, charity care charges **do not qualify for recognition as net receivables or net revenues.** Charity care results from a determination of the patient's inability to pay—not their willingness to pay.

Charity care should be determined upon patient admission/registration or shortly thereafter if possible. However, events after admission/registration or at the time of service could change the patient's ability to pay or further investigation could be required to determine eligibility; accordingly, retrospective determination is possible.

Charity care is only applicable to urgent and emergent services, services which are elective or non-emergent at the point of service should not be considered for charity care approval.

I. POLICY

A. Designation as charity care will only be considered after all other sources have been exhausted. It is possible that only a portion of a patient's account would meet the definition to be recognized as charity care. If only a portion of the account is written off the remaining balance will be set up under a Patient Payment Arrangement (contract) if the account is not paid in full after charity consideration.

B. Factors to be considered in determining patient eligibility as charity care may include, but are not limited to, the following:

1. Gross income within a pre-established range (Federal Register Poverty Level Guideline or an equivalent thereof).
2. Net worth and liquidity.
3. Luxury items that exceed 25% of net worth
4. Employment status and capacity for future earnings.
5. Other living expenses and financial obligations.
6. Previous exhaustion of all other available resources.
7. Catastrophic illnesses where medical bills exceed family gross income and/or net worth and liquidity.

C. Charity care will be classified into two categories:

1. Statutory (indigent) – Statutory charity care will be defined by the facility participation in various federal, state, and/or county indigent care programs. Criteria must comply with governmental guidelines and/or state or county regulations as defined in this policy. Also qualifying as statutory charity care would be charity care obligations as defined under certain facility purchase agreements, as defined in contractual agreements documenting the acquisition of the facility. Statutory charity care accounts provide for separation and identification of charity care by specific programs/obligations. Statutory charity care will generally be identified at the time of admission/registration, but may be identified while inpatient or after discharge.

2. Nonstatutory (charity) – Nonstatutory charity care is defined as patient charity care meeting the general charity care criteria due to catastrophic illness; however, there may not be state or county programs in which the facility participates or where the facility does not have specific obligations to provide charity care. The determination of nonstatutory charity care will be made at patient admission/registration, while inpatient, or could be determined after discharge.

D. Notice of Availability of Charity Care (English and Spanish) will be posted in patient registration areas.

E. Approved statutory and non-statutory care will extend 90 days from the date of approval, unless otherwise approved by assistant director or director of PFS

F. Patients covered by out of state Medicaid where the hospital is not a authorized provider and where the out of state Medicaid enrollment or reimbursement makes it prohibitive for the hospital to become a provider, will be eligible for charity upon verification of Medicaid coverage for the service dates. No other documents will be required in order to approve the charity application. The patient will not be required

to make a formal charity application. The hospital may submit the application and verification of coverage as proof of qualification.

G. Patients who are incarcerated long-term and not covered by health insurance and/or the jail is not financially responsible maybe eligible for charity care if proof is established. Patients living in Homeless Shelters or Halfway Houses will also be considered for charity care if proof of either is provided and income could not be obtained. A credit check will always be completed for each of these patient types.

H. Deceased patient with no verifiable estate will not be required to submit an application for charity consideration. Reasonable effort to prove no estate exists should be documented and are sufficient to prove indigence. An application will not be required

II. PROCEDURE

Each patient who appears eligible for statutory or nonstatutory charity care determination (and who requests such determination) will be requested to complete a confidential Charity Care Financial Statement Application and provide personal supporting documentation as requested and necessary to verify the patient financial condition with the facility representative in accordance with this policy. An effort will be made to secure a signed application, but this may not be possible in all cases.

A. The facility representative will:

1. Provide a Charity Care Financial Statement Application / and letter of explanation of required documentation **upon patient request or denial of government benefits.**
2. Request patient to complete the application.
3. Inform patient:
   a. That information will remain confidential.
   b. To submit completed application and all personal supporting documentation to Patient Financial Services for consideration of charity care.

B. Upon receipt of completed application and supporting documentation, the facility representative will forward to the charity care designee. The following information will be included in the completed Charity Application packet:

1. Patient/guarantor Charity Care Financial Statement Application.
2. Proof of income or verification of income statement.
3. Completed Charity Care Financial Statement Summary with signatures of staff completing the packet.

C. The charity care designee will:

1. Document the completed Charity Care Financial Statement Application onto the Charity Care Referral Log.
2. Strive to identify potential statutory and nonstatutory charity care at patient admission/registration, while patient in-house, or as quickly as possible after discharge.

D. In order to qualify for charity care, the facility requires the completion of the Charity Care Financial Statement Application. The application will be available in English and Spanish. The application allows for the collection of income information and documentation requirements defined as follows.

1. Household Member Calculations
Hospital will require patients to provide the number of household members in their household. In calculating the number of family members in a patient household, include but is not limited to:
   a. Patient.
   b. Spouse and/or legal guardians.
   c. All other legal dependents.
   d. Anyone living in the household

2. Income Calculations
Facility will require applicant to provide proof of all wage earners in their household including the sum of the monthly income from:
   a. Patient.
   b. Spouse and/or legal guardians.
   c. Other contributing persons residing in the home.
   d. Child support.
   e. Alimonies.

3. Income Verification
   a. The facility will require patients to verify the income set forth in the Charity Care Financial Statement Application in accordance with the documentation requirements identified below in cases where documentation is available. Any of the following documents is appropriate for verifying income.

      (1) Income documentation may be provided by presenting:
         (a) IRS Form W-2.
         (b) Wage and earnings statement from employer.
         (c) Most recent paycheck stubs equal to 1 month's income.
         (d) Tax returns.
         (e) Telephone verification by the patient's employer.
         (f) Bank statements.
         (g) Other appropriate indicators of income.

(2) Documentation showing current participation in public benefit programs such as:
(a) Social security.
(b) Worker's compensation.
(c) Unemployment insurance benefits.
(d) Medicaid.
(e) County indigent health.
(f) AFDC (Aid to Families with Dependent Children).
(g) Food stamps.
(h) WIC (Women, Infants, and Children Program).
(i) Other similar related programs.

b. Documentation Not Available – In cases where patient is unable to provide documentation verifying income, the following procedures should be followed:

(1) Obtain patient's written attestation. Request patient to sign the Charity Care Financial Statement Application form attesting to the accuracy of the income information provided; **OR** obtain patient's verbal attestation. Personnel completing the Charity Care Financial Statement Summary will document that the patient verbally verified the income statement. In all cases, hospital personnel must make at least two attempts to obtain written income verification.

(2) Expired patients will be deemed to have no income for purposes of calculation of income. No documentation of income is required for expired patients. Hospital personnel should complete a Charity Care Financial Statement Summary and process to ensure that a charity care adjustment is appropriate.

(3) Should the Directors of Patient Financial Services determine a patient meets Charity criteria, the patient portion can be written off to Charity upon approval by the Health System's Market VP of Revenue Cycle and the Chief Financial Officer of the facility.

E. Assets

1. All liquid assets should be considered as a possible source of repayment for services rendered. For patient's with no source of regular income (employment, SSI, disability, etc.) other than liquid assets, those assets would be the patient's income source and should be measured against the Federal Register Poverty Level Guideline.

2. All other assets (i.e., real estate property) should be considered as possible source of repayment for services rendered.

3. On a case-by-case basis, it may be appropriate to reduce the patient's balance equal to their liquid assets; thereby, resulting in partial charity care. In the instance that partial charity is determined, the remaining balance will be billed to the patient on a Patient Payment Arrangement (contract) and normal facility protocols are applicable.

F. Application Approved Full/Approved Partial/Denied

1. Statutory Charity Calculation

a. Patients that fall at or below 200% of the Federal Poverty Level Guideline may be approved for medically necessary health services at the rate of 100% charity.
b. The Charity Care designee will be responsible for comparing family size to income levels based upon Federal Register Poverty Level Guidelines for determination (see attachment).

2. If application approved for charity, Patient Financial Services staff will:

a. Send a letter notifying patient of approval.
b. Adjust balance in full to appropriate adjustment code. The facility established statutory charity care adjustment codes in the facility chart of accounts. The adjustment transaction code to be used is 987 and 985 if the patient has Medicare.
c. File all documentation.

3. If application is approved for non-statutory or partial charity, Patient Financial Services staff will:

a. Send a letter notifying patient of partial approval and requesting the patient to contact Patient Financial Services to make payment arrangements for balance due.

b. In consideration of balance due, payment arrangements should not exceed 6 months based on patient's discretionary cash available, 12 months if approved by the Market VP of Revenue Cycle and/or the facility CFO.

c. Patient receiving partial charity does not qualify for additional cash discount.

d. Write off approved amount using appropriate transaction code. The facility established nonstatutory charity care adjustment codes in the facility chart of accounts. The adjustment transaction code to be used is A240. The

adjustment transaction code to be used for incarcerated charity is A278. The adjustment transaction code to be used for deceased/no estate is A228.

e. Medicare patients qualifying for charity/indigent care after Medicare and any supplemental insurance, facility will utilize adjustment transaction code A223.

f. File all documentation.

Note: In the event that the account was already assigned to bad debt, the charity adjustment is posted and the appropriate collection agency is notified.

4. If application is denied, Patient Financial Services staff will:

a. Send a letter notifying patient of denial and requesting the patient to contact Patient Financial Services to make payment arrangements for balance due.

b. File all documentation.

G. All patient accounts qualifying for charity care will have adjusting transactions posted in the month of determination.

H. All completed charity care packets require approval from Patient Financial Services Director (or designee), Market VP or Revenue Cycle and Chief Financial Officer (or designee).

I. A Charity Care Referral Log must be maintained. Patient Financial Services staff will log the outcome of the charity care application in the Charity Care Referral Log and will include the following information:

1. Patient name.
2. Account number.
3. Patient Social Security Number
4. Total charges
5. Amount of adjustment
6. Remaining balance after write off
7. Action taken.

III. OTHER PERTINENT INFORMATION

A. Uncooperative patients are defined to be unwilling to disclose any financial information as requested for Medicaid and/or charity care determination during the screening process. In these cases, the patient will not be processed for charity care. The patient will be informed that unless they comply and provide the information, no further consideration will be given for charity care processing and standard accounts receivable (A/R) follow up will begin.

B. Noncompliant patients are defined to be not meeting all required documentation for Medicaid screening, but do qualify for charity care. In these cases, the facility will make the determination whether or not to process the account based on available information.

C. Information falsification will result in denial of the charity care application.

D. Reservation of Rights—this facility reserves the right to limit or deny financial assistance at their sole discretion.

E. Noncovered Services—this facility reserves the right to designate certain services that are not subject to this policy.

F. This policy will not alter or modify any other facility policies regarding efforts to obtain payments from third party payors, patient transfers, or emergency care or state specific regulations or programs for uncompensated care.

G. Patient Financial Services department will serve as the custodian of records for all charity care documentation for all accounts. The following documentation will be retained for seven years after which time the documents will be disposed of by shredding:

1. Applications for charity care.
2. Copies of appropriate letter of determination (approval/denial) sent to patient/guarantor.
3. Charity Care Referral Log.

REFERENCES/BIBLIOGRAPHY

HFMA Principles and Practices Board Statement 15 – December 2006

OFFICE OF PRIMARY RESPONSIBILITY

Market VP of Revenue Cycle and the Chief Financial Officer

REFER TO

Attachment 1: Charity Care Financial Statement Application (English).
Attachment 2: Federal Register Poverty Level Guideline.

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Attachment 14

SUPPLEMENTAL #1

August 27, 2014
8:24 am

			Year 1	Year 2
A.		Utilization Data (Inpatient Admissions)	14,457	15,035
		Utilization Data (Outpatient Procedures)	169,964	176,763
		Utilization Data (ER Visits)	46,433	48,290
B.		Revenue from Services to Patients		
	1	Inpatient Services	$ 716,243,000	$ 763,515,000
	2	Outpatient Services	$ 533,686,000	$ 580,116,000
	3	Emergency Services	$ 64,417,000	$ 69,683,000
	4	Other Operating Revenue (Specify)_____		
		Gross Operating Revenue	$ 1,314,346,000	$ 1,413,314,000
C.		Deductions from Gross Operating Revenue		
	1	Contractual Adjustments	$ 953,301,000	$ 1,028,404,000
	2	Provision for Charity Care	$ 60,849,000	$ 65,643,000
	3	Provisions for Bad Debt	$ 33,022,000	$ 35,119,000
		Total Deductions	$ 1,047,172,000	$ 1,129,166,000
		NET OPERATING REVENUE	$ 267,174,000	$ 284,148,000
D.		Operating Expenses		
	1	Salaries and Wages	$ 85,606,000	$ 89,030,000
	2	Physician's Salaries and Wages	$ 4,411,000	$ 4,627,000
	3	Supplies	$ 69,441,000	$ 74,669,000
	4	Taxes	$ 25,734,000	$ 28,510,000
	5	Depreciation	$ 13,856,000	$ 15,015,000
	6	Rent	$ 3,243,000	$ 3,402,000
	7	Interest, other than Capital	$ 22,106,000	$ 21,552,000
	8	Management Fees	$ -	$ -
	9	Other Expenses	$ 33,257,900	$ 36,842,100
		Total Operating Expenses	$ 257,654,900	$ 273,647,100
E.		Other Revenue (Expenses)	$ 6,237,000	$ 6,424,000
		NET OPERATING INCOME	$ 15,756,100	$ 16,924,900
F.		Capital Expenditures	$ -	$ -
		NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$ 15,756,100	$ 16,924,900

		OTHER EXPENSES - BREAK DOWN BY CATEGORY		
			Year One	Year Two
	1	Purchased Services	18,940,000	19,870,000
	2	Utilities	3,812,900	4,000,100
	3	Advertising	728,000	764,000
	4	Dues	385,000	404,000
	5	General/Liability Insurance	4,710,000	4,941,000
	6	Collection Fees	985,000	1,033,000
	7	Repairs and Maintenance	1,000,000	3,000,000
	8	Telephone (Communications)	1,113,000	1,168,000
	9	Other Operating (Misc)	1,584,000	1,662,000
		Total	33,257,900	36,842,100

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Attachment 16

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Thomas, Miller & Partners, PLLC

Architecture Interiors Planning Sustainable Design

5210 Maryland Way, Suite 200
Brentwood, Tennessee 37027-5065
615.377.9773
www.tmpartners.com

Date August 25, 2014

To Ms. Melanie Burgess
Vice President of Development, Tennova Healthcare
930 East Emerald Avenue, POB 8th Floor
Knoxville, Tennessee 37919

Project Replacement Facility – Physicians Regional Medical Center
Knoxville, Tennessee
TMP No. A04614

Subject Phased Facility Expansion

Dear Ms. Burgess

In response to the following question, we offer the response below: **Please discuss if the applicant has considered building a facility in phases starting with 150 beds. The proposed site could be planned in a way to expand easily in the future to meet increased demand.**

As indicated in our application, the site buildable area is somewhat limited, and in response to that, the decision was made to make the hospital design more vertical (with services stacked on successive floors) rather than horizontal (with services arranged on a limited number of floors resulting in a larger footprint). This results in an efficient design while also addressing neighborhood concerns, allowing us to maximize use of the portion of the site that is zoned appropriately for the hospital. In addition, a buffer to the neighborhood to the west is also required per the Knoxville Metropolitan Planning Commissions approval of the site plan.

Therefore, we reached the decision to proceed with a vertical arrangement of services with the understanding that if bed expansion did occur, it would be a vertical expansion on top of existing hospital space rather than a horizontal expansion rising from ground level and adjacent to the building. In order to reduce the number of beds from 272 to 150, basically two floors would have to be removed from the building. Based on this assumption, an expansion plan in the future would require construction of the two floors on top of the building. Although this is done from time to time, it is a costly and disruptive way to expand, requiring additional beds below the expansion to be vacated to allow for the expansion to safely occur above.

So, although the facility could be expanded in the future, the expansion would be costly and disruptive, and would not be an ideal scenario. We believe that the site constraints, such as the creek, agricultural zoning area, and neighborhood concerns, have dictated this solution, and believe that horizontal expansion would be an even less desirable option.

Please let me know if any further information is required.

Sincerely,

Marc S. Rowland, AIA ACHA
Principal-in-Charge
Tennessee Certificate Number 21,347

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SUPPLEMENTAL #1

August 27, 2014
8:24 am

Attachment 18

SUPPLEMENTAL #1

August 27, 2014
8:24 am

Current and Projected Staffing - PRMC

Position	Current FTEs	Projected FTEs / Project Year 1
Registered Nurses	405.4	405.4
Licensed Professional Nurses	17.9	17.9
Ancillary Nursing Personnel	98.8	98.8
Certified Nurse Midwives	3	3
Radiological Technicians	46	46
Radiation Therapy Technologists	4	4
Radiation Therapy Assistants	29.7	29.7
Occupational Therapists	6.4	6.4
Occupational Therapy Assistants	2.6	2.6
Physical Therapists	7.4	7.4
Physical Therapy Assistants	10	10
Respiratory Therapists	29.7	29.7
Psychiatric Social Workers	2	2
Psychiatric Registered Nurses	13.5	13.5
Other Mental Health Professionals	19.9	19.9
Surgical Technicians	20.6	20.6
All Other Certified Professional & Technical	88.8	88.8
	805.7	805.7

SUPPLEMENTAL-#2
-Original-

TENNOVA Physician's Regional Medical Center

CN1408-033

SUPPLEMENTAL #2
August 29, 2014
7:44 am

August 28, 2014

Phillip M. Earhart
Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th floor
Nashville, TN 37243

Re: 2nd Request for Supplemental Information, CN1408-033

Dear Mr. Earhart:

This letter transmits our response to your request for supplemental information to our recent Certificate of Need application. The signed and notarized affidavit is also enclosed.

I am the contact person for this project. Please advise me of any additional information you may need. We appreciate your consideration of the responses submitted.

Sincerely,

Melanie B. Burgess
Vice President of Development

SUPPLEMENTAL #2
August 29, 2014
7:44 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

NAME OF FACILITY: Metro Knoxville HMA, LLC, d/b/a Physicians Regional Medical Center

I, MELANIE B. BURGESS, 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.

Melanie B. Burgess / VP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of August, 2014, witness my hand at office in the County of Knox, State of Tennessee.

Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11, 2017.

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

HF-0043

Revised 7/02

SUPPLEMENTAL #2

August 29, 2014
7:44 am

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

August 28, 2014

Melanie B. Burgess
Vice President of Development
Tennova Healthcare
930 Emerald Avenue, POB Suite 813
Knoxville, TN 37917

RE: Certificate of Need Application CN1408-033
Physician's Regional Medical Center

Dear Ms. Burgess:

This will acknowledge our August 27, 2014 receipt of your supplemental response for an application for a Certificate of Need for the relocation and replacement of Physician Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County), TN 37917 to an unaddressed site located consisting of 110 acres located at the intersection of Middlebrook and Old Weisgarber Road, across from Dowell Springs Boulevard, Knoxville, TN. The project includes the construction and equipping of a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating / procedures rooms.

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 12:00 noon, Friday, August 29, 2014. 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. I. Project Description**

   The applicant states 91 beds currently licensed at PRMC may be retained in an inactive status, be relocated to other facilities, or be de-licensed. However, the licensed occupancy rates of the applicant's hospitals in Knox County in 2012 are as follows: Physician's Regional Medical Center-51.2%, Turkey Creek Medical Center-45.7%, and North Knoxville Medical Center-37.9%. When the surplus of licensed beds in Knox County is added in the equation, does it not appear the only option would be to de-license the 91 beds and reduce acute care bed surplus in Knox County? Please clarify.

   Since 2008, the applicant and its predecessors have met routinely with representatives of the Agency and the Board of Licensing for Healthcare Facilities to discuss the status of hospital operations in Knox County. Over those six years, the applicant has taken significant bed capacity (293 beds) out of the market through a similar process that is being proposed in this application. The

beds were held in abeyance while the health system adjusted to its new situation, and then the beds were relinquished and de-licensed. While it is possible that will be the eventual outcome following the construction of a replacement hospital for PRMC, we are not yet prepared to relinquish licenses for hospital beds that could be needed by our overall health system in the future, and which might allow us to meet future community health needs. The applicant recognizes that there is a time limitation on the decision process regarding the beds, but in the interest of orderly development, we respectfully request that we be permitted to work through the process of seeing how the replacement hospital impacts our other hospitals, our service lines, and how best to either utilize those beds or de-license them. In either case, the proper channels will be pursued, including applying for a Certificate of Need as required by statute as well as any approval needed from the Board of Licensure for Healthcare Facilities

2. Section C. NEED. Question 5

The 2 revised tables on page 41 of the application are noted. However, please add an additional column that reflects the % change from 2010 to 2012 for each table as requested in supplemental #1.

The revised tables are attached as attachment 2.

3. Section C. NEED. Question 6 (Applicant Utilization)

The historic utilization of PRMC is noted. However the following table that was completed in supplemental #1 appears to not match the utilization reported by the applicant in the 2010-2012 Joint annual Report. Please revise the following table to reflect the PRMC 2010-2012 Joint Annual Report data.

	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (PRMC) - Beds	401	401	401	272	272
Admissions	19,694	18,500	15,121	14,457	15,035
Average Daily Census	232.5	229.2	199.5	178.2	185.4
ALOS	4.3	4.5	4.8	4.5	4.5
Occupancy	**62.3%**	**61.3%**	**52.3%**	**70.1%**	**74.2%**
Occupancy without observation days included	**58.0%**	**57.2%**	**49.8%**	**65.5%**	**68.1%**

4. Section C, Economic Feasibility, Item 2 and Item 10

The applicant notes a $700,000,000 Revolving Line of Credit is available in the event cash on hand does not cover the entire cost of the project. Please provide documentation from a lending institution that identifies the availability of a revolving line of credit that will cover project costs. Please also include the expected interest rate, term of the loan, and any anticipated restrictions or conditions.

The requested documentation is attached as attachment 4.

5. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

The applicant states methods of accounting have changed and management fees are accounted "below the line". Please clarify the term "below the line". Does this mean PRMC will be provided management services but will not be charged for those services? If so, where is this expense allocated?

Under PRMC's current accounting methods, management fees are not considered an operating expense. The financial information in the Projected Data Chart reflects operating revenue, expense, and profit or loss from operations. The term "below the line" means that management fees are accounted for outside of hospital operations, or "below the line" on the financial statement reflecting profit or loss from hospital operations.

6. Section C. (Economic Feasibility) Question 11

The response of considering building a facility in phases starting with 150 beds is noted. However, the letter dated August 25, 2014 from the Architectural firm, Thomas, Miller & Partners, PLLC, states "although the facility could be expanded in the future, the expansion would be costly and disruptive, and would not be an ideal scenario. We believe that the site constraints, such as the creek, agriculture zoning, and neighborhood concerns, have dictated this solution, and believe that horizontal expansion would be an even less desirable option". Please clarify how many additional vertical floors could be added to this proposed facility for future expansion. Also, is this site the most desirable location when the architect states "the site buildable area is somewhat limited"?
With limited site buildable area, please explain how the proposed site is an improvement over the current site.

The proposed site is a desirable location and is an improvement over the current site for the following reasons:

1. The current site has little expansion capacity and is surrounded by residential homes and a high school. While there is very little room to expand on the current site, expanding would only exacerbate the issues related to an aging facility and its inherent inefficiencies. Renovation is impractical for all the reasons previously discussed in both the application and first request for supplemental information.

2. The proposed location has been studied by licensed architects and civil engineers, who have designed a facility that meets the needs of the applicant, patients, and medical staff in an efficient footprint. The site has the capacity for future expansion, including adding a medical office building. Like all sites, however, there are limitations to how much horizontal expansion it can support, and future vertical expansion is costly and disruptive.

3. The location is accessible to all parts of the service area.

4. There is a complex of physician offices across Middlebrook Pike from the proposed site, making it ideal in terms of ease of access for physicians and reduced need for extensive medical office building space on campus.

A letter from the project architect is attached as attachment 6, indicating that the site is appropriate for the proposed project, as well as outlining the number of vertical floors that could be added to the facility for future expansion.

7. **Affidavit**

A signed and notarized affidavit must be submitted with each filing of supplemental information. An affidavit was not included with the previous supplemental request. Please submit a completed affidavit for the first supplemental submission and one for this supplemental request.

Our records indicate that an affidavit was submitted with the previous supplemental request, but two affidavits are included. One is for the first supplemental request and another for this supplement request.

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." 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 October 17, 2014. 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

SUPPLEMENTAL #2
August 29, 2014
7:44 am

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 M. Earhart
Health Services Development Examiner

PME

Enclosure

SUPPLEMENTAL #2

August 29, 2014
7:44 am

List of Attachments

Attachment 2	Revised PET/CT and Linear Acceleration Utilization Charts
Attachment 4	Verification of Revolving Line of Credit
Attachment 6	Letter from Architect

SUPPLEMENTAL #2

August 29, 2014
7:44 am

Attachment 2

SERVICE AREA PET/CT VOLUME
INPATIENT AND OUTPATIENT TREND
CALENDAR YEARS 2010 THROUGH 2012

FACILITY	# of units	Inpatient			Outpatient			Total			% Change
		2010	2011	2012	2010	2011	2012	2010	2011	2012	2010-2012
PRMC	1	433	173	131	1,450	1,007	902	1,883	1,180	1,033	-45.1%
Methodist of Oak Ridge	0.6	12	2	3	451	464	163	463	466	166	-64.1%
Blount Memorial	1	21	34	24	2,057	1,672	1,720	2,078	1,706	1,744	-16.1%
Morristown - Hamblen	0.5	0	5	1	313	309	404	313	314	405	29.4%
Univ of TN Med Ctr	2	408	301	233	3,663	2,346	2,562	4,071	2,647	2,795	-31.3%
East TN Diagnostic Ctr	1	0	0	0	3,388	2,950	2,049	3,388	2,950	2,049	-39.5%
Total Service Area	6.1	874	515	392	11,322	8,748	7,396	12,196	9,263	8,192	-32.8%

SUPPLEMENTAL #2
August 29, 2014
7:44 am

AUG 29 '14

PRMC SERVICE AREA LINEAR ACCELERATOR UTILIZATION TREND
CALENDAR YEARS 2010 THROUGH 2012

				Total Treatments			% Change
FACILITY	**County**	**Type Of Facility**	**# of units**	**2010**	**2011**	**2012**	**2010 - 2012**
Physicians Regional Medical Center	Knox	Hospital	1	3,909	4,260	2112*	-46.0%
Methodist Medical Center of Oak Ridge	Anderson	Hospital	2	9,572	8,296	8,503	-11.2%
Blount Memorial Hospital	Blount	Hospital	1	7,180	7,366	6,467	-9.9%
Baker Cancer Treatment Center	Claiborne	Hospital	1	3,844	3,911	3,380	-12.1%
Morristown - Hamblen Healthcare System	Hamblen	Hospital	1	7,044	6,131	7,090	0.7%
East TN Radiation Therapy Services	Knox	Radiation	1	0	0	742	n/a
North Knoxville Medical Center	Knox	Hospital	1	7,615	7,700	7,437	-2.3%
Thompson Cancer Survival Center	Knox	ASTC	2	8,726	8,609	10,251	17.5%
Thompson Cancer Survival Center West	Knox	ASTC	2	10,111	10,300	9,286	-8.2%
Turkey Creek Medical Center	Knox	Hospital	1	1,454	0	1,397	-3.9%
University of Tennessee Memorial	Knox	Hospital	2	11,172	10,554	10,270	-8.1%
Thompson Cancer Survival Center-Sevier	Sevier	ASTC	1	2,824	3,589	3,688	30.6%
Total Service Area	--	--	16	73,451	70,716	70,623	-3.9%

*PRMC's linear accelerator was out of operation for four months during 2012 for an equipment and software replacement

SUPPLEMENTAL #2
August 29, 2014
7:44 am

AUG 29 '14 AM 7:49

SUPPLEMENTAL #2

August 29, 2014
7:44 am

Attachment 4

SUPPLEMENTAL #2
August 29, 2014
7:44 am

EX-10.1 10 d663459dex101.htm EX-10.1

Exhibit 10.1

EXECUTION VERSION

THIRD AMENDMENT AND RESTATEMENT AGREEMENT dated as of January 27, 2014 (this "***Agreement***"), to the CREDIT AGREEMENT dated as of July 25, 2007, as amended and restated as of November 5, 2010 and February 2, 2012 (as amended, supplemented or otherwise modified prior to the date hereof, the "***Existing Credit Agreement***"), among CHS/COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation, COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation, the Subsidiary Guarantors listed on the signature pages hereto, the Lenders listed on the signature pages hereto and CREDIT SUISSE AG, as Administrative Agent and Collateral Agent.

PRELIMINARY STATEMENT

The Borrower has requested that the Existing Credit Agreement be amended and restated in the form attached hereto as Exhibit A (as so amended and restated, the "***Third Restated Credit Agreement***"), to provide for, among other things:

(a) the making of 2019 Term A Loans (defined below) to the Borrower on the Third Restatement Effective Date (as defined below), on the terms and subject to the conditions set forth herein and in the Third Restated Credit Agreement, in an aggregate principal amount of $1,000,000,000;

(b) the making of 2017 Term E Loans (defined below) to the Borrower on the Third Restatement Effective Date, on the terms and subject to the conditions set forth herein and in the Third Restated Credit Agreement, in an aggregate principal amount of $171,146,550.47;

(c) the making of 2021 Term D Loans (defined below) to the Borrower on the Third Restatement Effective Date, on the terms and subject to the conditions set forth herein and in the Third Restated Credit Agreement, in an aggregate principal amount of $2,925,000,000;

(d) the repayment in full of (i) all the Incremental Term Loans incurred on the First Incremental Term Loan Assumption Agreement Date (each as defined in the Existing Credit Agreement) outstanding on the Third Restatement Effective Date (the "***Incremental Term Loans***"); (ii) all the Non-Extended Term Loans (as defined in the Existing Credit Agreement) outstanding on the Third Restatement Effective Date; and (iii) all the Extended Term Loans (as defined in the Existing Credit Agreement) that are not converted into either 2021 Term D Loans or 2017 Term E Loans as described below;

(e) (i) the extension of the maturity of, and modification of the pricing terms with respect to, certain of the Extended Term Loans so that such Extended Term Loans shall be converted into 2021 Term D Loans with such converted

Extended Term Loans being treated with the 2021 Term D Loans made on the Third Restatement Effective Date as a single Class for all purposes under the Third Restated Credit Agreement; and (ii) the modification of the pricing terms with respect to, certain of the Extended Term Loans so that such Extended Term Loans shall be converted into 2017 Term E Loans with such converted Extended Term Loans being treated with the 2017 Term E Loans made on the Third Restatement Effective Date as a single Class for all purposes under the Third Restated Credit Agreement;

(f) the termination of all the Revolving Credit Commitments (as defined in the Existing Credit Agreement), the repayment in full of all outstanding Revolving Loans (as defined in the Existing Credit Agreement) and the establishment of replacement Revolving Credit Commitments under the Third Restated Credit Agreement in an aggregate principal amount of $1,000,000,000; and

(g) the modification of certain covenants and other provisions set forth in the Existing Credit Agreement.

The Borrower has requested that the persons set forth on Schedule I hereto (the "***2019 Term A Lenders***") commit to make 2019 Term A Loans to the Borrower on the Third Restatement Effective Date in an aggregate principal amount of $1,000,000,000 (the "***2019 Term A Loans***"; the commitment of each 2019 Term A Lender to provide its applicable portion of the 2019 Term A Loans, a "***2019 Term A Commitment***"). The 2019 Term A Lenders are willing to make the 2019 Term A Loans to the Borrower on the Third Restatement Effective Date on the terms set forth herein and in the Third Restated Credit Agreement and subject to the conditions set forth herein.

The Borrower has requested that the persons set forth on Schedule II hereto (the "***2017 Term E Lenders***") commit to make 2017 Term E Loans to the Borrower on the Third Restatement Effective Date in an aggregate principal amount of $171,146,550.47 (the "***2017 Term E Loans***"; the commitment of each 2017 Term E Lender to provide its applicable portion of the 2017 Term E Loans, a "***2017 Term E Commitment***"). The 2017 Term E Lenders are willing to make the 2017 Term E Loans to the Borrower on the Third Restatement Effective Date on the terms set forth herein and in the Third Restated Credit Agreement and subject to the conditions set forth herein.

The Borrower has requested that the persons set forth on Schedule III hereto (the "***2021 Term D Lenders***") commit to make 2021 Term D Loans to the Borrower on the Third Restatement Effective Date in an aggregate principal amount of $2,925,000,000 (the "***2021 Term D Loans***"; the commitment of each 2021 Term D Lender to provide its applicable portion of the 2021 Term D Loans, a "***2021 Term D Commitment***"). The 2021 Term D Lenders are willing to make the 2021 Term D Loans to the Borrower on the Third Restatement Effective Date on the terms set forth herein and in the Third Restated Credit Agreement and subject to the conditions set forth herein.

The Borrower has requested that the persons set forth on Schedule IV hereto (the "***Replacement Revolving Credit Facility Lenders***") commit to provide to the Borrower on the Third Restatement Effective Date a new senior secured revolving credit facility in an aggregate principal amount of $1,000,000,000 (the "***Replacement Revolving Credit Facility***"; the commitment of each Replacement Revolving Credit Facility Lender to provide its applicable portion of the Replacement Revolving Credit Facility, a "***Replacement Revolving Credit Facility Commitment***"). The Replacement Revolving Credit Facility Lenders are willing to provide such Replacement Revolving Credit Facility Commitments to the Borrower on the Third Restatement Effective Date on the terms set forth herein and in the Third Restated Credit Agreement and subject to the conditions set forth herein.

Each Extended Term Loan Lender that is party to this Agreement may elect to convert all (or a portion) of its Extended Term Loans into 2021 Term D Loans or into 2017 Term E Loans by executing and delivering to the Administrative Agent (or its counsel), on or prior to 12:00 p.m. (noon), New York City time, on January 17, 2014 (the "***Delivery Time***"), a signature page to this Agreement identifying itself as an Extended Term Loan Lender and specifying the amount of its Extended Term Loans that it elects to so convert; on and after the Third Restatement Effective Date, subject to the proviso to Section 3 (d)(i), (a) such portion of its Extended Term Loans as such Lender shall have specified for conversion into 2021 Term D Loans shall be 2021 Term D Loans under the Third Restated Credit Agreement and shall be subject to all terms and conditions applicable to 2021 Term D Loans as set forth in the Third Restated Credit Agreement, and (b) such portion of its Extended Term Loans as such Lender shall have specified for conversion into 2017 Term E Loans shall be 2017 Term E Loans under the Third Restated Credit Agreement and shall be subject to all terms and conditions applicable to 2017 Term E Loans as set forth in the Third Restated Credit Agreement.

Accordingly, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used but not otherwise defined herein (including the Preliminary Statement hereto) shall have the meanings assigned thereto in the Third Restated Credit Agreement. The provisions of Section 1.02 of the Third Restated Credit Agreement are hereby incorporated by reference herein, *mutatis mutandis*.

SECTION 2. Amendment and Restatement of the Existing Credit Agreement. Effective as of the Third Restatement Effective Date, the Existing Credit Agreement is hereby amended and restated in the form attached hereto as Exhibit A.

SECTION 3. Transactions on the Third Restatement Effective Date. (a) 2019 Term A Loans. On the terms and subject to the conditions set forth herein, each 2019 Term A Lender agrees, severally and not jointly, to make, on the Third Restatement Effective Date, a 2019 Term A Loan to the Borrower in an aggregate principal amount equal to its 2019 Term A Commitment. The 2019 Term A Commitment of each 2019

Term A Lender shall automatically terminate upon the making of the 2019 Term A Loans on the Third Restatement Effective Date. The proceeds of the 2019 Term A Loans are to be used by the Borrower solely to pay a portion of the HMA Acquisition Costs.

(b) 2021 Term D Loans. (i) On the terms and subject to the conditions set forth herein, each 2021 Term D Lender agrees, severally and not jointly, to make, on the Third Restatement Effective Date, a 2021 Term D Loan to the Borrower in an aggregate principal amount equal to its 2021 Term D Commitment. The 2021 Term D Commitment of each 2021 Term D Lender shall automatically terminate upon the making of the 2021 Term D Loans on the Third Restatement Effective Date. The proceeds of the 2021 Term D Loans made on the Third Restatement Effective Date are to be used by the Borrower solely to pay a portion of the HMA Acquisition Costs.

(ii) On the terms and subject to the conditions set forth herein, each 2017 Term E Lender agrees, severally and not jointly, to make, on the Third Restatement Effective Date, a 2017 Term E Loan to the Borrower in an aggregate principal amount equal to its 2017 Term E Commitment. The 2017 Term E Commitment of each 2017 Term E Lender shall automatically terminate upon the making of the 2017 Term E Loans on the Third Restatement Effective Date. The proceeds of the 2017 Term E Loans made on the Third Restatement Effective Date are to be used by the Borrower solely to pay a portion of the HMA Acquisition Costs.

(c) Replacement Revolving Credit Facility; Letters of Credit. (i). On the terms and subject to the conditions set forth herein, each Replacement Revolving Credit Facility Lender agrees, severally and not jointly, to assume its Replacement Revolving Credit Facility Commitment on the Third Restatement Effective Date. On the Third Restatement Effective Date, the Revolving Credit Commitments in effect immediately prior to the occurrence of the Third Restatement Effective Date shall terminate and be replaced by the Replacement Revolving Credit Commitments. From and after the Third Restatement Effective Date, each Replacement Revolving Credit Facility Lender shall constitute a "Revolving Credit Lender", each Replacement Revolving Credit Commitment shall constitute a "Revolving Credit Commitment" and the loans made pursuant thereto shall constitute "Revolving Loans", in each case for all purposes of the Third Restated Credit Agreement and the other Loan Documents, and the Replacement Revolving Credit Facility shall have the terms that are set forth in the Third Restated Credit Agreement.

(ii) Each of Credit Suisse AG and Wells Fargo Bank, N.A., in their capacities as Issuing Banks under the Existing Credit Agreement and under the Third Restated Credit Agreement, and each Replacement Revolving Credit Facility Lender agree that notwithstanding the termination of the existing Revolving Credit Commitments, the Letters of Credit outstanding on the Third Restatement Effective Date shall remain outstanding as Existing Letters of Credit, and each Replacement Revolving Credit Facility Lender shall be deemed to have acquired a participation therein and in each Existing Letter set forth on Schedule 1.01(a) to the Third

Restated Credit Agreement in accordance with its applicable Pro Rata Percentage in effect on the Third Restatement Effective Date and in accordance with the provisions of Section 2.23 of the Third Restated Credit Agreement.

(iii) Wells Fargo Bank, N.A. agrees to act as an Issuing Bank in respect of the Replacement Revolving Credit Facility on the terms and subject to the conditions set forth herein and in the Third Restated Credit Agreement.

(iv) All Revolving Loans and Swingline Loans (such Loans, "***Existing Revolving Facility Loans***") outstanding immediately prior to the occurrence of the Third Restatement Effective Date shall be prepaid in full by the Borrower on the Third Restatement Effective Date, which prepayment shall be accompanied by accrued and unpaid interest on the Existing Revolving Facility Loans being prepaid to but excluding the Third Restatement Effective Date. Such prepayment may be financed (subject to satisfaction of applicable borrowing conditions herein) with the proceeds of Revolving Loans made on the Third Restatement Effective Date by the Replacement Revolving Credit Facility Lenders, in which case the Borrower irrevocably directs that the proceeds of such Revolving Loans be applied directly to prepay in full (and be netted against) the Existing Revolving Facility Loans, with any excess being delivered in accordance with the applicable Borrowing Request.

(d) Extended Term Loans. (i) Subject to the terms and conditions set forth herein and in the Third Restated Credit Agreement, as of the Third Restatement Effective Date, each Extended Term Loan Lender agrees that the principal amount (if any) of its Extended Term Loans specified by such Extended Term Loan Lender on the Extended Term Loan Lender Election Form delivered by it together with its executed counterpart of this Agreement will be converted into, as specified on such form, (A) 2021 Term D Loans of like outstanding principal amount and such converted Extended Term Loans shall constitute 2021 Term D Loans for all purposes under the Third Restated Credit Agreement, or (B) 2017 Term E Loans of like outstanding principal amount and such converted Extended Term Loans shall constitute 2017 Term E Loans for all purposes under the Third Restated Credit Agreement; *provided* that, in the event that the aggregate principal amount of the Extended Term Loans which Extended Term Loan Lenders agree to convert into (1) 2021 Term D Loans in accordance with the foregoing clause (A) (such Extended Term Loans being referred to herein as the "***Term D Designated Loans***") is greater than $1,676,475,699.63, the Borrower may (but shall not be obligated to) elect, by written notice to the Administrative Agent, to cause less than all (but not less than $1,676,475,699.63 aggregate principal amount) of the Term D Designated Loans to become 2021 Term D Loans, such allocation to be made on a pro rata basis among the Extended Term Loan Lenders making such an election, such that the same proportion of each such Extended Term Loan Lender's Term D Designated Loans is so converted into 2021 Term D Loans, or (2) 2017 Term E Loans in accordance with the foregoing clause (B) (such Extended Term Loans being referred to herein as the "***Term E Designated Loans***") is greater than $1,505,329,149.16 , the Borrower may (but shall not be obligated to) elect, by written notice to the Administrative Agent, to cause less than all (but not less than

$1,505,329,149.16 aggregate principal amount) of the Term E Designated Loans to become 2017 Term E Loans, such allocation to be made on a pro rata basis among the Extended Term Loan Lenders making such an election, such that the same proportion of each such Extended Term Loan Lender's Term E Designated Loans is so converted into 2017 Term E Loans.

(ii) Any Extended Term Loans that are not converted into 2021 Term D Loans or 2017 Term E Loans shall be repaid in full on the Third Restatement Effective Date.

(e) Term Loans Generally. None of the transactions set forth in this Section 3 shall be deemed to be a conversion of any Term Loan into a Loan of a different Type or with a different Interest Period or a payment or prepayment of any Term Loan, and the parties hereto hereby agree that no breakage or similar costs will accrue in respect of any Term Loan solely as a result of the transactions contemplated by this Section 3.

SECTION 4. Representations and Warranties. Each of Parent, the Borrower and each Subsidiary Guarantor hereby represents and warrants to each other party hereto that:

(a) The representations and warranties set forth in Article III of the Third Restated Credit Agreement and in each other Loan Document are true and correct in all material respects on and as of the Third Restatement Effective Date as though made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date.

(b) No Default or Event of Default has occurred and is continuing.

(c) None of the Security Documents in effect on the Third Restatement Effective Date will be rendered invalid, non-binding or unenforceable against any Loan Party as a result of this Agreement. The Guarantees created under such Security Documents will continue to guarantee the Obligations (as the Obligations are modified hereunder and under the Third Restated Credit Agreement) to the same extent as they guaranteed the Obligations immediately prior to the Third Restatement Effective Date. The Liens created under such Security Documents will continue to secure the Obligations (as the Obligations are modified hereunder and under the Third Restated Credit Agreement), and will continue to be perfected, in each case, to the same extent as they secured the Obligations or were perfected immediately prior to the Third Restatement Effective Date. Upon the filing of the Mortgage Amendments (as defined below), the Liens created under such Security Documents will continue to secure the Obligations (as the Obligations are modified hereunder and under the Third Restated Credit Agreement), and will continue to be perfected, in each case, to the same extent as they secured the Obligations or were perfected immediately prior to the Third Restatement Effective Date.

(d) As of the Third Restatement Effective Date, no action, consent or approval of, registration or filing with or any other action by any Governmental Authority

is or will be required in connection with the execution, delivery and performance by the Loan Parties of the Loan Documents to which they are a party and the making of the Borrowings under the Third Restated Credit Agreement, except for (i) such as have been made or obtained and are in full force and effect and (ii) such actions, consents, approvals, registrations or filings which the failure to obtain or make could not reasonably be expected to result in a Material Adverse Effect.

(e) As of the Third Restatement Effective Date, the Guarantee and Collateral Agreement creates (and will create, in the case of assets of the Guarantors that are subsidiaries of Health Management Associates, Inc. (the "***Company***", and each such subsidiary, a "***Company Subsidiary Guarantor***") following the making of the filings set forth on Schedule 3.19(a) of the Third Restated Credit Agreement) in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral (as defined in the Guarantee and Collateral Agreement) and the proceeds thereof, subject to the effects of bankruptcy, insolvency or similar laws affecting creditors' rights generally and general equitable principles, and (i) with respect to all Pledged Collateral (as defined in the Guarantee and Collateral Agreement) previously delivered to and in possession of the Collateral Agent, the Lien created under the Guarantee and Collateral Agreement constitutes a fully perfected first priority Lien on, and security interest in, all right, title and interest of the Loan Parties in such Pledged Collateral as to which perfection may be obtained by such actions, in each case prior and superior in right to any other person, and (ii) with the previous filing of financing statements in the offices specified on Schedule 3.19(a) of the Third Restated Credit Agreement, the Lien created under the Guarantee and Collateral Agreement constitutes a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral (other than Intellectual Property, as defined in the Guarantee and Collateral Agreement) as to which perfection may be obtained by such filings, in each case prior and superior in right to any other person, other than with respect to Liens expressly permitted by Section 6.02 of the Third Restated Credit Agreement.

(f) As of the Third Restatement Effective Date, the Guarantee and Collateral Agreement, together with the filings made pursuant to the Guarantee and Collateral Agreement currently on file with the United States Patent and Trademark Office and the United States Copyright Office and the financing statements currently on file in the offices specified on Schedule 3.19(a) of the Third Restated Credit Agreement, constitutes (and will constitute, in the case of assets of the Company Subsidiary Guarantors following the making of the filings set forth on Schedule 3.19(a) of the Third Restated Credit Agreement) a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Intellectual Property (as defined in the Guarantee and Collateral Agreement) in which a security interest may be perfected by filing security agreements in the United States and its territories and possessions, in each case prior and superior in right to any other person other than with respect to Liens permitted pursuant to Section 6.02 of the Third Restated Credit Agreement (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on registered trademarks and patents, trademark and patent applications and registered copyrights acquired by the Loan Parties after the Third Restatement Effective Date).

(g) This Agreement has been duly executed and delivered by each Loan Party and constitutes a legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

Notwithstanding anything herein to the contrary, the only representations and warranties set forth in this Section 4 the accuracy of which shall constitute a condition to the Third Restatement Effective Date (and the making of Loans on the Third Restatement Effective Date) shall be the Specified Representations (defined below).

"***Specified Representations***" means the representations and warranties set forth in (a) the Third Restated Credit Agreement in Sections 3.01 (as it relates solely to Parent and Borrower), 3.02(a) and 3.03 (solely as each of them relates to the borrowing of Loans, the guaranteeing of the Obligations, the granting of security interests in the Collateral and the performance of obligations under the Loan Documents), 3.02 (b)(i)(A), 3.11, 3.12, 3.19, 3.22 and 3.23 thereof and (b) Section (g) (solely as it relates to the Parent and Borrower) hereof.

SECTION 5. Effectiveness. This Agreement shall become effective on and as of the date on which each of the following conditions precedent is satisfied (such date, the "***Third Restatement Effective Date***"):

(a) The Administrative Agent shall have received counterparts hereof duly executed and delivered by Parent, the Borrower, each Subsidiary Guarantor and the Required Lenders.

(b) The Administrative Agent shall have received a Borrowing Request for the Loans to be made on the Third Restatement Effective Date, setting forth the information specified in Section 2.03 of the Third Restated Credit Agreement.

(c) The Administrative Agent shall have received a favorable written opinion of (i) Kirkland & Ellis LLP, counsel for Parent and the Borrower, substantially to the effect set forth on Exhibit B-1, (ii) the general counsel of Parent, substantially to the effect set forth in Exhibit B-2 and (iii) each of the other law firms set forth on Exhibit B-3, in each case in form and substance satisfactory to the Administrative Agent.

(d) The Administrative Agent shall have received (i) a certificate as to the good standing of Parent, the Borrower and (to the extent the concept of good standing is applicable in such jurisdiction) each other Loan Party as of a recent date, from the Secretary of State of its state of organization; (ii) a certificate of the Secretary or Assistant Secretary of Parent, the Borrower and each other Loan Party dated the Third Restatement Effective Date and certifying (A) that attached thereto is a true and complete copy of (1) the by-laws (or equivalent thereof) and (2) the certificate or articles of

incorporation, certified as of a recent date by the Secretary of State of the applicable state of organization, in each case of such Loan Party as in effect on the Third Restatement Effective Date and at all times since a date prior to the date of the resolutions described in clause (B) below (or, if such by-laws (or equivalent thereof) or certificate or articles of incorporation have not been amended or modified since any delivery thereof to the Administrative Agent on the Closing Date, the First Restatement Effective Date or the "Effective Date" under the Replacement Revolving Credit Facility and Incremental Term Loan Assumption Agreement dated as of March 6, 2012 (the "***First Replacement Effective Date***"), as applicable, certifying that no such amendment or modification has occurred), (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent thereof) of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such person is a party, and that such resolutions have not been modified, rescinded or amended and are in full force and effect and (C) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of such Loan Party; and (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above.

(e) The Administrative Agent shall have received a certificate, dated the Third Restatement Effective Date and signed by a Financial Officer of the Borrower, confirming compliance with the conditions set forth in each of paragraph (g)(i) and paragraph (i) of this Section.

(f) The Administrative Agent shall have received a certificate, dated the Third Restatement Effective Date and signed by the chief financial officer of Parent, as to the solvency of Parent and its Subsidiaries on a consolidated basis after giving effect to the Transactions to occur on the Third Restatement Effective Date, in substantially the form of Exhibit C hereto.

(g) (i) The Permitted HMA Transaction shall have been consummated, or substantially simultaneously with the initial borrowing under the Facilities, shall be consummated, in all material respects in accordance with the terms of the HMA Merger Agreement.

(ii) The Specified Merger Agreement Representations shall be true and correct. "***Specified Merger Agreement Representations***" means such of the representations made by, or with respect to, the Company and its subsidiaries in the HMA Merger Agreement as are material to the interests of the Lenders, but only to the extent that Parent (or its affiliates) have the right to terminate its (or their) obligations under the HMA Merger Agreement or to decline to consummate the Permitted HMA Transaction as a result of a breach of any one or more of such representations in the HMA Merger Agreement.

(h) Substantially simultaneously with the initial borrowing under the Facilities and the consummation of the Permitted HMA Transaction, (i) the HMA Refinancing shall have been consummated and (ii) all the Incremental Term Loans,

Non-Extended Term Loans, Extended Term Loans that are not converted to either 2021 Term D Loans or 2017 Term E Loans on the Third Restatement Effective Date, Revolving Loans and Swingline Loans (each as defined in the Existing Credit Agreement) outstanding on the Third Restatement Effective Date shall have been prepaid in full, together with all accrued and unpaid interest on the principal amount thereof to but excluding the Third Restatement Effective Date.

(i) Since July 29, 2013, there shall not have occurred any Company Material Adverse Effect.

"***Company Material Adverse Effect***" means any effect, change, event, circumstance or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the business, results of operations, assets or financial condition of the Company and its Subsidiaries (as defined in the HMA Merger Agreement as in effect on July 29, 2013), taken as a whole; provided, however, that none of the following, and no effect, change, event, circumstance or occurrence arising out of, or resulting from, the following, shall constitute or be taken into account, individually or in the aggregate, in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur: (A) changes generally affecting the economy, credit or financial or capital markets, in the United States or elsewhere in the world, including changes in interest or exchange rates; (B) changes generally affecting the industries in which the Company and its Subsidiaries operate; (C) changes or prospective changes in Applicable Law (as defined in the HMA Merger Agreement as in effect on July 29, 2013) or GAAP (as defined in the HMA Merger Agreement as in effect on July 29, 2013) or in accounting standards, or any changes or prospective changes in the interpretation or enforcement of any of the foregoing, or any changes or prospective changes in general legal, regulatory or political conditions; (D) changes caused by the negotiation, execution, announcement or performance of the HMA Merger Agreement (as in effect on July 29, 2013) or the consummation of the transactions contemplated thereby, or the identity of any party thereto, including the impact thereof on relationships, contractual or otherwise, with customers, suppliers, distributors, partners, employees or Governmental Entities (as defined in the HMA Merger Agreement as in effect on July 29, 2013), or any litigation arising from allegations of breach of fiduciary duty or violation of Applicable Law relating to the HMA Merger Agreement (as in effect on July 29, 2013) or the transactions contemplated thereby; (E) acts of war (whether or not declared), sabotage or terrorism, or any escalation or worsening of any such acts of war (whether or not declared), sabotage or terrorism; (F) volcanoes, tsunamis, pandemics, earthquakes, floods, storms, hurricanes, tornados or other natural disasters; (G) any action taken by the Company or its Subsidiaries that is required by the HMA Merger Agreement (as in effect on July 29, 2013) or with the prior written consent or at the direction of the Borrower in accordance with the HMA Merger Agreement (as in effect on July 29, 2013), or the failure to take any action by the Company or its Subsidiaries if that action is prohibited by the HMA Merger Agreement (as in effect on July 29, 2013); (H) changes or prospective

changes in the Company's credit ratings; (I) changes in the price or trading volume of the Company's Common Stock (as defined in the HMA Merger Agreement as in effect on July 29, 2013); or (J) any failure to meet any internal or public projections, forecasts, guidance, estimates, milestones, budgets or internal or published financial or operating predictions of revenue, earnings, cash flow or cash position (it being understood that the exceptions in clauses (H), (I) and (J) shall not prevent or otherwise affect a determination that the underlying cause of any such change or failure referred to therein (to the extent not otherwise falling within any of the exceptions provided by clauses (A) through (J) hereof) is, may be, contributed to or may contribute to, a Company Material Adverse Effect); provided further, however, that any effect, change, event or occurrence referred to in clauses (A), (B), (C), (E) or (F) may be taken into account in determining whether or not there has been or may be a Company Material Adverse Effect to the extent such effect, change, event, circumstance or occurrence has a material disproportionate adverse effect on the Company and its Subsidiaries, taken as a whole, as compared to other participants in the industries in which the Company and its Subsidiaries operate.

(j) The Security Documents (other than the Mortgage Amendments contemplated by Section 7(b) below and the new Mortgages contemplated by Section 7(c) below) shall be in full force and effect on the Third Restatement Effective Date, and, in the case of assets of Parent, the Borrower and the Subsidiary Guarantors that are not Company Subsidiary Guarantors, the Collateral Agent on behalf of the Secured Parties shall have a security interest in the Collateral of the type and priority described in each Security Document. All documents and instruments required to create and perfect the Collateral Agent's security interests in the Collateral (other than in any parcel of real property, the requirements in respect of which are set forth in Section 7(c)) held by the Company Subsidiary Guarantors shall have been executed and delivered and, if applicable, be in proper form for filing (or arrangements reasonably satisfactory to the Administrative Agent and the Collateral Agent shall have been made for the execution, delivery and filing of such documents and instruments substantially concurrently with the consummation of the Permitted HMA Transaction). Notwithstanding anything herein to the contrary, to the extent that any security interest in any Collateral that is not or cannot be provided and/or perfected on the Third Restatement Effective Date (other than the pledge and perfection of the security interests in the Pledged Collateral that constitutes certificated equity interests of HMA and, to the extent held by domestic subsidiaries of HMA that are required to become Loan Parties pursuant to Section 5.12 of the Third Restated Credit Agreement, each subsidiary of HMA and other assets pursuant to which a lien may be perfected solely by the filing of a financing statement under the Uniform Commercial Code (provided that, to the extent Parent has used commercially reasonable efforts to procure the delivery thereof prior to the Third Restatement Effective Date, certificated equity interests of HMA and its subsidiaries will only be required to be delivered on the Third Restatement Effective Date if such certificated equity interests are received from HMA)) after the Borrower's use of commercially reasonable efforts to do so or without undue burden or expense, then the provision and/or perfection of a security interest in such Collateral shall not constitute a condition to the Third Restatement Effective Date, but instead shall be required to be delivered after the Third Restatement Effective Date in accordance with Section 5.12 of the Third Restated Credit Agreement or, in the case of Collateral consisting of real property interests, Section 7 hereof.

(k) The Lead Arrangers shall have received a pro forma consolidated balance sheet and related pro forma consolidated statements of income of Parent and its subsidiaries (based on the financial statements of Parent and the Company referred to in paragraph (l) below) as of, and for the twelve-month period ending on, the last day of the most recently completed four fiscal quarter period ended at least 45 days prior to the Third Restatement Effective Date (or 90 days prior to the Third Restatement Effective Date in case such four fiscal quarter period is the end of Parent's fiscal year), prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income).

(l) The Lead Arrangers shall have received (i) audited consolidated balance sheets of Parent and its consolidated subsidiaries and of the Company and its consolidated subsidiaries as at the end of, and related consolidated statements of income, changes in equity and cash flows of Parent and its consolidated subsidiaries and of the Company and its consolidated subsidiaries for, in each case, the three most recently completed fiscal years ended at least 90 days before the Third Restatement Effective Date and (ii) unaudited consolidated balance sheets of Parent and its consolidated subsidiaries and of the Company and its consolidated subsidiaries as at the end of, and related statements of income, changes in equity and cash flows of Parent and its consolidated subsidiaries and of the Company and its consolidated subsidiaries for, in each case, each subsequent fiscal quarter (other than the fourth fiscal quarter of any fiscal year) of Parent and its consolidated subsidiaries and of the Company and its consolidated subsidiaries ended after the last fiscal year for which financial statements were prepared pursuant to the preceding clause (i) and ended at least 45 days before the Third Restatement Effective Date; provided that the filing of the required financial statements on Form 10-K and Form 10-Q within such time periods by the Company and Parent will satisfy the requirements of this paragraph (l).

(m) The Administrative Agent and the Lead Arrangers shall have received at least three business days before the Third Restatement Effective Date all documentation and other information about the Borrower and the Guarantors that shall have been reasonably requested by the Administrative Agent or the Lead Arrangers in writing at least 10 Business Days prior to the Third Restatement Effective Date and that the Administrative Agent and the Lead Arrangers reasonably determine is required under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act, based on their reasonable interpretation of such rules and regulations.

(n) All fees agreed in writing and required to be paid on the Third Restatement Effective Date in connection with the Loans to be made on the date hereof and all reasonable out-of-pocket expenses required to be paid on the Third Restatement Effective Date, to the extent invoiced at least three business days prior to the Third Restatement Effective Date (or such shorter period agreed to by the Borrower), shall,

substantially concurrently with the making of such Loans, have been paid (which amounts may, at the option of the Borrower, be offset against the proceeds of such Loans).

(o) [reserved].

(p) The Administrative Agent shall have received payment from the Borrower, for the account of each Lender under the Existing Credit Agreement (other than any Lender that has, or is an Affiliate of a Person that has, a bookrunner, co-syndication agent, co-documentation agent or co-manager title in respect of this Amendment) that unconditionally transmits its executed counterpart of this Agreement to the Administrative Agent (or its counsel) on or prior to the Delivery Time, of an amendment fee in an amount equal to 0.15% of the aggregate principal amount of the outstanding Loans and unused Commitments of such Lender under the Third Restated Credit Agreement as of the Third Restatement Effective Date after giving effect to the HMA Refinancing. Such fees shall be payable in immediately available funds and, once paid, shall not be refundable in whole or in part.

(q) The Administrative Agent shall have received payment from the Borrower, for the account of each Extended Term Loan Lender, a fee in an amount equal to 0.25% of the aggregate principal amount of such Extended Term Loan Lender's Extended Term Loans that are converted into 2021 Term D Loans on the Third Restatement Effective Date. Such fees shall be payable in immediately available funds and, once paid, shall not be refundable in whole or in part.

The Administrative Agent shall notify the parties hereto of the Third Restatement Effective Date and such notice shall be conclusive and binding. Notwithstanding the foregoing, this Agreement shall not become effective unless each of the foregoing conditions is satisfied at or prior to 5:00 p.m. New York City time on February 28, 2014.

SECTION 6. Effect of this Agreement. (a) Except as expressly set forth herein, this Agreement shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent, the Lenders or any other Secured Party under the Existing Credit Agreement, the Third Restated Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Third Restated Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement or any other Loan Document in similar or different circumstances.

(b) On and after the Third Restatement Effective Date, each reference in the Third Restated Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the "Credit Agreement" in any other Loan Document, shall be deemed a reference to the Third Restated Credit Agreement.

(c) This Agreement shall constitute a "Loan Document", a "Loan Modification Agreement" and a "Permitted Amendment" for all purposes of the Existing Credit Agreement, the Third Restated Credit Agreement and the other Loan Documents.

(d) On the Third Restatement Effective Date, the Borrower will be deemed to have given notice of (i) the prepayment in full on the Third Restatement Effective Date of the Incremental Term Loans, the Non-Extended Term Loans, the Extended Term Loans that are not converted to either 2021 Term D Loans or 2017 Term E Loans on the Third Restatement Effective Date and the Existing Revolving Facility Loans then outstanding and (ii) the termination of the Revolving Credit Commitments in effect on the Third Restatement Effective Date, in each case in accordance with this Agreement, and each of the Required Lenders under the Existing Credit Agreement, the Administrative Agent, the Collateral Agent, each Issuing Bank and the Swingline Lender waive any requirement for any other notice of such prepayment and termination.

SECTION 7. Reaffirmation. (a) Each of Parent, the Borrower and each of the Subsidiary Guarantors identified on the signature pages hereto (collectively, Parent, the Borrower and such Subsidiary Guarantors (other than the Company Subsidiary Guarantors), the "***Reaffirming Loan Parties***") hereby acknowledges that it expects to receive substantial direct and indirect benefits as a result of this Agreement and the transactions contemplated hereby. Each Reaffirming Loan Party hereby consents to this Agreement and the transactions contemplated hereby, and hereby confirms its respective guarantees (including in respect of the 2019 Term A Loans, the 2021 Term D Loans, the 2017 Term E Loans and the Replacement Revolving Credit Facility), pledges and grants of security interests, as applicable, under each of the Loan Documents to which it is party, and agrees that, notwithstanding the effectiveness of this Agreement and the transactions contemplated hereby, such guarantees, pledges and grants of security interests shall continue to be in full force and effect and shall accrue to the benefit of the Secured Parties (including in respect of the 2019 Term A Lenders, the 2021 Term D Lenders, the 2017 Term E Lenders and the Replacement Revolving Credit Facility Lenders). Each of the Reaffirming Loan Parties further agrees to take any action that may be required or that is reasonably requested by the Administrative Agent to effect the purposes of this Agreement, the transactions contemplated hereby or the Loan Documents and hereby reaffirms its obligations under each provision of each Loan Document to which it is party.

(b) Within 180 days after the Third Restatement Effective Date (or such later date as the Administrative Agent in its sole discretion may permit) the Borrower shall deliver, with respect to each Mortgage encumbering a Mortgaged Property, an amendment or an amendment and restatement thereof (each, a "***Mortgage Amendment***"), setting forth such changes as are reasonably necessary to reflect that the lien securing the Obligations under the Third Restated Credit Agreement encumbers such Mortgaged Property and to further grant, preserve, protect, confirm and perfect the first-priority lien and security interest thereby created and perfected, and opinions by local counsel

reasonably acceptable to the Administrative Agent regarding the enforceability of each such Mortgage Amendment, together with modification and datedown endorsements to existing title policies to the extent available (or, to the extent not available, new title policies) and flood determinations and flood insurance as required by Regulation H, each of the foregoing being in all respects reasonably acceptable to the Administrative Agent.

(c) Within 180 days after the Third Restatement Effective Date (or such later date as the Administrative Agent in its sole discretion may permit) the Borrower shall deliver, with respect to each parcel of real property held by any Company Subsidiary Guarantor (other than those expressly exempt from the mortgage requirements pursuant to the antepenultimate sentence of Section 2.12 of the Third Restated Credit Agreement), a mortgage, deed of trust or other applicable instrument which shall create and perfect a first-priority lien and security interest on such parcel of real property securing the Obligations under the Third Restated Credit Agreement, together with opinions by local counsel reasonably acceptable to the Administrative Agent regarding the enforceability of each such Mortgage, together with title policies and flood determinations and flood insurance as required by Regulation H, each of the foregoing being in all respects reasonably acceptable to the Administrative Agent.

SECTION 8. [reserved]

SECTION 9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by electronic transmission of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement.

SECTION 10. No Novation. Neither this Agreement nor the effectiveness of the Third Restated Credit Agreement shall extinguish the obligations for the payment of money outstanding under the Existing Credit Agreement or discharge or release the Lien or priority of any Loan Document or any other security therefor or any guarantee thereof. Nothing herein contained shall be construed as a substitution or novation of the Obligations outstanding under the Existing Credit Agreement or instruments guaranteeing or securing the same, which shall remain in full force and effect, except as modified hereby or by instruments executed concurrently herewith. Nothing expressed or implied in this Agreement, the Third Restated Credit Agreement or any other document contemplated hereby or thereby shall be construed as a release or other discharge of the Borrower under the Existing Credit Agreement or any Loan Party under any other Loan Document from any of its obligations and liabilities thereunder. The Existing Credit Agreement and each of the other Loan Documents shall remain in full force and effect, until and except as modified hereby or thereby in connection herewith or therewith.

SECTION 11. Governing Law. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK; *provided, however*, that it is understood and agreed that (a) the interpretation of the definition of "Company Material Adverse Effect" (and

whether or not a Company Material Adverse Effect has occurred) and (b) the determination of whether the Permitted HMA Transaction has been consummated in accordance with the terms of the HMA Merger Agreement, in each case shall be governed by, and construed in accordance with, the laws of the state of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

(b) EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 12. Headings. Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

CHS/COMMUNITY HEALTH SYSTEMS, INC.,

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary

COMMUNITY HEALTH SYSTEMS, INC.,

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary

Subsidiary Guarantors

ABILENE HOSPITAL, LLC

AFFINITY HOSPITAL, LLC
ABILENE MERGER, LLC
ANNA HOSPITAL CORPORATION
BERWICK HOSPITAL COMPANY, LLC
BIG BEND HOSPITAL CORPORATION
BIG SPRING HOSPITAL CORPORATION

BIRMINGHAM HOLDINGS II, LLC

BIRMINGHAM HOLDINGS, LLC
BLUEFIELD HOLDINGS, LLC
BLUEFIELD HOSPITAL COMPANY, LLC
BLUFFTON HEALTH SYSTEM LLC
BROWNSVILLE HOSPITAL CORPORATION
BROWNWOOD MEDICAL CENTER, LLC
BULLHEAD CITY HOSPITAL CORPORATION
BULLHEAD CITY HOSPITAL INVESTMENT CORPORATION
CARLSBAD MEDICAL CENTER, LLC
CENTRE HOSPITAL CORPORATION
CHHS HOLDINGS, LLC
CHS KENTUCKY HOLDINGS, LLC
CHS PENNSYLVANIA HOLDINGS, LLC
CHS VIRGINIA HOLDINGS, LLC
CHS WASHINGTON HOLDINGS, LLC
CLARKSVILLE HOLDINGS, LLC

CLEVELAND HOSPITAL CORPORATION

CLARKSVILLE HOLDINGS II, LLC

CLEVELAND TENNESSEE HOSPITAL COMPANY, LLC
AFFINITY HEALTH SYSTEMS, LLC
CLINTON HOSPITAL CORPORATION
COATESVILLE HOSPITAL CORPORATION
COLLEGE STATION MEDICAL CENTER, LLC
COLLEGE STATION MERGER, LLC
COMMUNITY GP CORP.
COMMUNITY HEALTH INVESTMENT COMPANY, LLC
COMMUNITY LP CORP.
CP HOSPITAL GP, LLC
CPLP, LLC
CRESTWOOD HOSPITAL, LLC
CRESTWOOD HOSPITAL LP, LLC
CSMC, LLC
CSRA HOLDINGS, LLC

DEACONESS HOLDINGS, LLC

DEACONESS HOSPITAL HOLDINGS, LLC
DEMING HOSPITAL CORPORATION
DESERT HOSPITAL HOLDINGS, LLC
DETAR HOSPITAL, LLC
DHFW HOLDINGS, LLC
DHSC, LLC
DUKES HEALTH SYSTEM, LLC
DYERSBURG HOSPITAL CORPORATION
NORTHWEST ARKANSAS HOSPITALS, LLC
YORK PENNSYLVANIA HOLDINGS, LLC
YORK PENNSYLVANIA HOSPITAL COMPANY, LLC

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary

EMPORIA HOSPITAL CORPORATION
EVANSTON HOSPITAL CORPORATION
FALLBROOK HOSPITAL CORPORATION
FOLEY HOSPITAL CORPORATION
FORREST CITY ARKANSAS HOSPITAL COMPANY, LLC
FORREST CITY HOSPITAL CORPORATION
FORT PAYNE HOSPITAL CORPORATION
FRANKFORT HEALTH PARTNER, INC.
FRANKLIN HOSPITAL CORPORATION
GADSDEN REGIONAL MEDICAL CENTER, LLC
GALESBURG HOSPITAL CORPORATION
GRANBURY HOSPITAL CORPORATION
GRANITE CITY HOSPITAL CORPORATION
GRANITE CITY ILLINOIS HOSPITAL COMPANY, LLC
GREENVILLE HOSPITAL CORPORATION
GRMC HOLDINGS, LLC
HALLMARK HEALTHCARE COMPANY, LLC
HOBBS MEDCO, LLC
HOSPITAL OF BARSTOW, INC.
HOSPITAL OF FULTON, INC.
HOSPITAL OF LOUISA, INC.
HOSPITAL OF MORRISTOWN, INC.
JACKSON HOSPITAL CORPORATION (KY)
JACKSON HOSPITAL CORPORATION (TN)
JOURDANTON HOSPITAL CORPORATION
KAY COUNTY HOSPITAL CORPORATION
KAY COUNTY OKLAHOMA HOSPITAL COMPANY, LLC
KIRKSVILLE HOSPITAL COMPANY, LLC
LAKEWAY HOSPITAL CORPORATION
LANCASTER HOSPITAL CORPORATION
LAS CRUCES MEDICAL CENTER, LLC
LEA REGIONAL HOSPITAL, LLC
LEXINGTON HOSPITAL CORPORATION
LONGVIEW MERGER, LLC
LRH, LLC
LUTHERAN HEALTH NETWORK OF INDIANA, LLC
MARION HOSPITAL CORPORATION
MARTIN HOSPITAL CORPORATION
MASSILLON COMMUNITY HEALTH SYSTEM LLC
MASSILLON HEALTH SYSTEM LLC
MASSILLON HOLDINGS, LLC
MCKENZIE TENNESSEE HOSPITAL COMPANY, LLC
MCNAIRY HOSPITAL CORPORATION
MCSA, L.L.C.
MEDICAL CENTER OF BROWNWOOD, LLC
MERGER LEGACY HOLDINGS, LLC
MMC OF NEVADA, LLC
MOBERLY HOSPITAL COMPANY, LLC
MWMC HOLDINGS, LLC
NANTICOKE HOSPITAL COMPANY, LLC

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary

NATIONAL HEALTHCARE OF LEESVILLE, INC.
NATIONAL HEALTHCARE OF MT. VERNON, INC.
NATIONAL HEALTHCARE OF NEWPORT, INC.
NAVARRO REGIONAL, LLC
NC-DSH, LLC
NORTHAMPTON HOSPITAL COMPANY, LLC
NORTHWEST HOSPITAL, LLC
NOV HOLDINGS, LLC
NRH, LLC
OAK HILL HOSPITAL CORPORATION
ORO VALLEY HOSPITAL, LLC
PALMER-WASILLA HEALTH SYSTEM, LLC
PAYSON HOSPITAL CORPORATION
PECKVILLE HOSPITAL COMPANY, LLC
PENNSYLVANIA HOSPITAL COMPANY, LLC
PHILLIPS HOSPITAL CORPORATION
PHOENIXVILLE HOSPITAL COMPANY, LLC
POTTSTOWN HOSPITAL COMPANY, LLC
QHG GEORGIA HOLDINGS II, LLC
QHG GEORGIA HOLDINGS, INC.
QHG OF BLUFFTON COMPANY, LLC
QHG OF CLINTON COUNTY, INC.
QHG OF ENTERPRISE, INC.
QHG OF FORREST COUNTY, INC.
QHG OF FORT WAYNE COMPANY, LLC
QHG OF HATTIESBURG, INC.
QHG OF MASSILLON, INC.
QHG OF SOUTH CAROLINA, INC.
QHG OF SPARTANBURG, INC.
QHG OF SPRINGDALE, INC.
QHG OF WARSAW COMPANY, LLC
QUORUM HEALTH RESOURCES, LLC
RED BUD HOSPITAL CORPORATION
RED BUD ILLINOIS HOSPITAL COMPANY, LLC
REGIONAL HOSPITAL OF LONGVIEW, LLC
RIVER REGION MEDICAL CORPORATION
ROSWELL HOSPITAL CORPORATION
RUSTON HOSPITAL CORPORATION
RUSTON LOUISIANA HOSPITAL COMPANY, LLC
SACMC, LLC
SALEM HOSPITAL CORPORATION
SAN ANGELO COMMUNITY MEDICAL CENTER, LLC
SAN ANGELO MEDICAL, LLC
SAN MIGUEL HOSPITAL CORPORATION
SCRANTON HOLDINGS, LLC
SCRANTON HOSPITAL COMPANY, LLC
SCRANTON QUINCY HOLDINGS, LLC
SCRANTON QUINCY HOSPITAL COMPANY, LLC

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary

SHELBYVILLE HOSPITAL CORPORATION
SILOAM SPRINGS ARKANSAS HOSPITAL COMPANY, LLC
SILOAM SPRINGS HOLDINGS, LLC
SOUTHERN TEXAS MEDICAL CENTER, LLC
SPOKANE VALLEY WASHINGTON HOSPITAL COMPANY, LLC
SPOKANE WASHINGTON HOSPITAL COMPANY, LLC
TENNYSON HOLDINGS, LLC
TOMBALL TEXAS HOLDINGS, LLC
TOMBALL TEXAS HOSPITAL COMPANY, LLC
TOOELE HOSPITAL CORPORATION
TRIAD HEALTHCARE CORPORATION
TRIAD HOLDINGS III, LLC
TRIAD HOLDINGS IV, LLC
TRIAD HOLDINGS V, LLC
TRIAD NEVADA HOLDINGS, LLC
TRIAD OF ALABAMA, LLC
TRIAD OF OREGON, LLC
TRIAD-ARMC, LLC
TRIAD-EL DORADO, INC.
TRIAD-NAVARRO REGIONAL HOSPITAL SUBSIDIARY, LLC
TUNKHANNOCK HOSPITAL COMPANY, LLC
VHC MEDICAL, LLC
VICKSBURG HEALTHCARE, LLC
VICTORIA HOSPITAL, LLC
VIRGINIA HOSPITAL COMPANY, LLC
WARREN OHIO HOSPITAL COMPANY, LLC
WARREN OHIO REHAB HOSPITAL COMPANY, LLC
WATSONVILLE HOSPITAL CORPORATION
WAUKEGAN HOSPITAL CORPORATION
WAUKEGAN ILLINOIS HOSPITAL COMPANY, LLC
WEATHERFORD HOSPITAL CORPORATION
WEATHERFORD TEXAS HOSPITAL COMPANY, LLC
WEBB HOSPITAL CORPORATION
WEBB HOSPITAL HOLDINGS, LLC
WESLEY HEALTH SYSTEM LLC
WEST GROVE HOSPITAL COMPANY, LLC
WHMC, LLC
WILKES-BARRE BEHAVIORAL HOSPITAL COMPANY, LLC
WILKES-BARRE HOLDINGS, LLC
WILKES-BARRE HOSPITAL COMPANY, LLC
WILLIAMSTON HOSPITAL CORPORATION
WOMEN & CHILDREN'S HOSPITAL, LLC
WOODLAND HEIGHTS MEDICAL CENTER, LLC
WOODWARD HEALTH SYSTEM, LLC
YOUNGSTOWN OHIO HOSPITAL COMPANY, LLC
BLUE ISLAND HOSPITAL COMPANY, LLC
BLUE ISLAND ILLINOIS HOLDINGS, LLC
LONGVIEW CLINIC OPERATIONS COMPANY, LLC

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary

AMORY HMA, LLC
BARTOW HMA, LLC
BILOXI H.M.A., LLC
BRANDON HMA, LLC
BREVARD HMA HOLDINGS, LLC
BREVARD HMA HOSPITALS, LLC
CAMPBELL COUNTY HMA, LLC
CARLISLE HMA, LLC
CAROLINAS JV HOLDINGS GENERAL, LLC
CENTRAL FLORIDA HMA HOLDINGS, LLC
CENTRAL STATES HMA HOLDINGS, LLC
CHESTER HMA, LLC
CITRUS HMA, LLC
CLARKSDALE HMA, LLC
COCKE COUNTY HMA, LLC
FLORIDA HMA HOLDINGS, LLC
FORT SMITH HMA, LLC
HAMLET H.M.A., LLC
HEALTH MANAGEMENT ASSOCIATES, INC.
HEALTH MANAGEMENT GENERAL PARTNER, LLC
HMA FENTRESS COUNTY GENERAL HOSPITAL, LLC
HMA SANTA ROSA MEDICAL CENTER, LLC
HOSPITAL MANAGEMENT ASSOCIATES, LLC
JACKSON HMA, LLC
JEFFERSON COUNTY HMA, LLC
KENNETT HMA, LLC
KEY WEST HMA, LLC
KNOXVILLE HMA HOLDINGS, LLC
LEHIGH HMA, LLC
MADISON HMA, LLC
MELBOURNE HMA, LLC
MESQUITE HMA GENERAL, LLC
METRO KNOXVILLE HMA, LLC
MISSISSIPPI HMA HOLDINGS I, LLC
MISSISSIPPI HMA HOLDINGS II, LLC
MONROE HMA, LLC
NAPLES HMA, LLC
POPLAR BLUFF REGIONAL MEDICAL CENTER, LLC
PORT CHARLOTTE HMA, LLC
PUNTA GORDA HMA, LLC
RIVER OAKS HOSPITAL, LLC
ROCKLEDGE HMA, LLC
ROH, LLC
SEBASTIAN HOSPITAL, LLC
SEBRING HOSPITAL MANAGEMENT ASSOCIATES, LLC
SOUTHEAST HMA HOLDINGS, LLC
SOUTHWEST FLORIDA HMA HOLDINGS, LLC
STATESVILLE HMA, LLC
VAN BUREN H.M.A., LLC
VENICE HMA, LLC
WINDER HMA, LLC
YAKIMA HMA, LLC

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary

CAROLINAS JV HOLDINGS, L.P.

By: Carolinas JV Holdings General, LLC
Its: General Partner

HEALTH MANAGEMENT ASSOCIATES, LP

By: Health Management General Partner, LLC
Its: General Partner

HMA HOSPITALS HOLDINGS, LP

By: Health Management General Partner, LLC
Its: General Partner

LONE STAR HMA, L.P.

By: Mesquite HMA General, LLC
Its: General Partner

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary
Acting on behalf of each of the General Partners of the Guarantors set forth on this page.

BROWNWOOD HOSPITAL, L.P.

By: Brownwood Medical Center, LLC
Its: General Partner

COLLEGE STATION HOSPITAL, L.P.

By: College Station Medical Center, LLC
Its: General Partner

LONGVIEW MEDICAL CENTER, L.P.

By: Regional Hospital of Longview, LLC
Its: General Partner

NAVARRO HOSPITAL, L.P.

By: Navarro Regional, LLC
Its: General Partner

QHG GEORGIA, LP

By: QHG Georgia Holdings II, LLC
Its: General Partner

VICTORIA OF TEXAS, L.P.

By: Detar Hospital, LLC
Its: General Partner

by /s/ Rachel A. Seifert
Name: Rachel A. Seifert
Title: Executive Vice President and Secretary
Acting on behalf of each of the General Partners of the Guarantors set forth on this page.

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, individually and as Administrative Agent, Collateral Agent and Issuing Bank,

by /s/ Robert Hetu
Name: Robert Hetu
Title: Authorized Signatory

by /s/ Ryan Long
Name: Ryan Long
Title: Authorized Signatory

SUPPLEMENTAL #2
August 29, 2014
7:44 am

EXHIBIT A

Form of Third Amended and Restated Credit Agreement

See Exhibit 10.2 to Community Health Systems, Inc.'s Form 8-K filed on January 27, 2014.

EXHIBIT B-1

Form of Kirkland & Ellis LLP Opinion

KIRKLAND & ELLIS LLP

AND AFFILIATED PARTNERSHIPS

601 Lexington Avenue
New York, New York 10022

Judson A. Oswald

To Call Writer Directly:
(212) 446-4812
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www.kirkland.com

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(212) 446-4900

January 27, 2014

To the Agent
and each of the Lenders under the
Credit Agreement (referred to below)
on the date hereof:

Re: Third Amendment and Restatement Agreement dated as of January 27, 2014 (the "Amendment Agreement"), by and among CHS/Community Health Systems, Inc., a Delaware corporation (the "Borrower"), Community Health Systems, Inc., a Delaware corporation ("Parent"), the Subsidiary Guarantors listed on the signature pages thereto, the Lenders listed on the signature pages thereto and Credit Suisse AG, as the Administrative Agent and Collateral Agent for the Lenders (in such capacity, the "Agent"), amending and restating the Credit Agreement, dated as of July 25, 2007, as amended and restated as of November 5, 2010 and February 2, 2012 (the "Existing Credit Agreement"), among Parent, Borrower, Agent and the financial institutions from time to time party thereto (the "Lenders") (the Existing Credit Agreement, as so amended and restated by the Amendment Agreement, the "Credit Agreement")

Ladies and Gentlemen:

We are issuing this opinion letter in our capacity as counsel to and at the request of the Borrower, Parent and the parties identified as "Guarantors" on Schedule 1 hereto (each a "Guarantor" and collectively the "Guarantors") in respect of the Amendment Agreement. The Borrower, Parent and the Guarantors are collectively referred to herein as the "Credit Parties". References to the "Illinois Credit Parties" means each of the parties identified on Schedule 2 hereto. References to the "Delaware Credit Parties" means each of the parties identified on Schedule 3(a) hereto. References to the "New Delaware Credit Parties" means each of the Delaware Credit Parties identified on Schedule 3(b) hereto. References to the "Covered Credit Parties" means the Illinois Credit Parties and the Delaware Credit Parties.

The opinions expressed herein are being provided pursuant to Section 5(c)(i) of the Amendment Agreement. Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement (with references herein to the Credit Agreement and each document defined therein meaning the Credit Agreement and each such document as executed and delivered on the date hereof). The Lenders and the Agent are sometimes referred to in this opinion letter as "you".

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In connection with the preparation of this letter, we have, among other things, reviewed executed counterparts of:

(a) the Amendment Agreement;

(b) Supplement No. 22 to the Guarantee and Collateral Agreement;

(c) Trademark Security Agreement; and

(d) Patent Security Agreement.

We have also reviewed unfiled copies of UCC Form-1 Financing Statements naming each New Delaware Credit Party, as debtor, and the Agent, as secured party, copies of which are attached hereto on Exhibit 1 (the "Delaware Financing Statements") to be filed in the Uniform Commercial Code filing office of the Secretary of State of Delaware (the "Delaware UCC Filing Office").

References in this opinion letter to the "New York UCC" mean the Uniform Commercial Code as in effect on the date hereof in the State of New York. For purposes hereof, (a) the documents listed in items (a) through (d) above (each in the form reviewed by us for purposes of this opinion letter) are called the "Operative Documents" and (b) the documents listed in items (b) through (d) (each in the form reviewed by us for purposes of this opinion letter) are called the "Security Documents". Items (c) through (d) (each in the form reviewed by us for purposes of this opinion letter) are called the "IP Security Agreements". The term "Organizational Documents" whenever used in the letter means the certificate or articles of incorporation (or the equivalent thereof), as applicable, of each Credit Party, and the by-laws or limited liability company agreement (or the equivalent thereof), as applicable, of each Credit Party, as in effect on the date hereof.

Subject to the assumptions, qualifications, exclusions and other limitations which are identified in this opinion letter, we advise you, and with respect to each legal issue addressed in this opinion letter, it is our opinion, that:

1. Each of the Covered Credit Parties is a corporation, limited liability company or limited partnership, as applicable, existing and in good standing under the General Corporation Law of the State of Delaware ("DGCL"), Delaware Limited Liability Company Act ("DLLCA"), Delaware Revised Uniform Limited Partnership Act ("DRULPA"), the Illinois Business Corporation Act ("IBCA") or the Illinois Limited Liability Company

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Act ("ILLCA"), as applicable. For purposes of this opinion, we have relied exclusively upon certificates issued by a governmental authority in the relevant jurisdiction, and such opinions are not intended to provide any conclusion or assurance beyond that conveyed by those certificates.

2. Each of the Covered Credit Parties has the corporate, limited liability company or limited partnership power, as applicable, to execute, deliver and perform its obligations under the Operative Documents to which it is a party and to perform its obligations under the Credit Agreement.

3. Each of the Covered Credit Parties has taken the corporate, limited liability company or limited partnership action, as applicable, necessary to authorize its execution, delivery and performance of the Operative Documents to which it is a party and its performance of the Credit Agreement.

4. Each Operative Document has been duly executed and delivered on behalf of each Covered Credit Party that is a party thereto.

5. Each of the Operative Documents and the Credit Agreement is a valid and binding obligation of each Credit Party that is a party thereto and is enforceable against such Credit Party in accordance with its terms.

6. The execution and delivery by any Covered Credit Party of the Operative Documents to which it is a party and the Credit Agreement, and the performance by any Credit Party of the Operative Documents to which it is a party, and the granting of any security interests pursuant to any Security Document to which it is a party, will not (i) constitute a violation of, with respect to any Covered Credit Party, the Organizational Documents of such Covered Credit Party, (ii) will not constitute a violation of any applicable provision of existing State of New York law or United States federal statutory law or published governmental regulation applicable to such Credit Party, in each case to the extent covered by this opinion letter, or by any Delaware Credit Party of any applicable provision of the DGCL, DLLCA or DRULPA, or by the Illinois Credit Parties of any applicable provision of the IBCA or the ILLCA, or (iii) result in a violation of, or result in the creation of any lien upon or security interest in any Credit Party's properties pursuant to the terms of, any agreement or instrument identified on Exhibit 2 attached hereto, *provided* that we express no opinion with respect to breaches, violations or defaults under any cross-default provision or with respect to any financial covenants or tests in any such agreement or instrument.

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7. No consent, approval, authorization or order of, or filing with, any United States federal or New York governmental authority or body, or, with respect to the Delaware Credit Parties, any Delaware governmental agency or body acting pursuant to the DGCL, DLLCA or DRULPA, as applicable to such Delaware Credit Party, or , with respect to the Illinois Credit Parties, any Illinois governmental agency or body acting pursuant to the IBCA or ILLCA, as applicable to such Illinois Credit Party, is required in order for any Credit Party to obtain the right to the execute and deliver, or perform its obligations under, any Operative Document to which it is a party, or perform its obligations under the Credit Agreement, except for (i) those obtained or made prior to the date hereof, (ii) filings required for the perfection of security interests granted under the Security Documents or to release existing liens, (iii) consents, approvals, authorizations, orders or filings required in connection with the ordinary course of conduct by the Credit Parties of their respective businesses and ownership or operation by the Credit Parties of their respective assets in the ordinary course of business (as to which we express no opinion), (iv) those that may be required under federal securities laws and regulations or state "blue sky" laws and regulations (as to which we express no opinion) or any other laws, regulations or governmental requirements which are excluded from the coverage of this opinion letter and (v) consents, approvals, authorizations, orders or filings that may be required by any banking, insurance or other regulatory statutes to which you may be subject (as to which we express no opinion).

8. No Credit Party is an "investment company" required to be registered as such under the Investment Company Act of 1940, as amended, or the rules and regulations thereunder.

9. Solely with respect to each New Delaware Credit Party, Supplement No. 1 to the Guarantee and Collateral Agreement creates a valid security interest in favor of the Agent, for the benefit of the Secured Parties in the "Collateral" (as defined in the Guarantee and Collateral Agreement) of each New Delaware Credit Party which is a party thereto described therein in which a security interest may be created under Article 9 of the New York UCC (the "Code Collateral").

10. Upon the filing in the Delaware UCC Filing Office of the Delaware Financing Statements, together with the payment of all filing and recordation fees associated therewith, the Agent will have a perfected security interest (for the benefit of the Secured Parties) in that portion of the Code Collateral of the New Delaware Credit Parties in which a security interest can be perfected by the filing of a Uniform Commercial Code financing statement in the Delaware UCC Filing Office.

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To the Agent
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11. The execution and delivery of the Operative Documents will not, in and of themselves, result in the loss of perfection (if any) of any security interest in the Code Collateral of the Covered Credit Parties, other than Code Collateral of the New Delaware Credit Parties as provided in opinion paragraph 10, arising under Article 9 of the UCC to the extent that such security interest was and remained perfected under the Guarantee and Collateral Agreement and under Article 9 of the UCC immediately prior to such execution and delivery. For the avoidance of doubt, we express no opinion regarding (i) the creation, priority or enforcement of any such security interest, (ii) the effect on such priority of the execution and delivery of the Operative Documents, or (iii) except as expressly set forth in the preceding sentence, the perfection of any such security interest.

12. Upon delivery to the Agent for the benefit of the Secured Parties in the State of New York of the certificates of the New Delaware Credit Parties identified on Exhibit 3 attached hereto (the "Pledged Securities"), indorsed in blank or to the Agent by an effective indorsement, the Agent will have a perfected security interest (for the benefit of the Secured Parties) in the Pledged Securities under the New York UCC to the extent they are "securities" (as such term is defined in Section 8-102(a)(15) of the New York UCC). Assuming neither the Agent nor any Secured Party has notice of any adverse claim to the Pledged Securities, the Agent will acquire the security interest in the Pledged Securities for the benefit of the Secured Parties free of any adverse claim.

13. Upon (i) the timely filing and recordation of each IP Security Agreement in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, together with the payment of all filing and recordation fees associated therewith, and (ii) the taking of all actions required under the law of jurisdiction of organization of each New Delaware Credit Party party to an IP Security Agreement with respect to the perfection of a security interest in such intangible property, the Agent will have a perfected security interest (for the benefit of the Secured Parties) in the United States registered trademarks and applications therefor (but excluding any "intent to use" applications), patents and applications therefor and registered copyrights specifically identified in such IP Security Agreements executed by any New Delaware Credit Party.

14. Assuming application of the proceeds of the Loans as contemplated by the Amendment Agreement and, for purposes of Regulation X of the Board of Governors of the Federal Reserve System, no Lender or Agent is subject to Regulation T of the Board of Governors of the Federal Reserve System, the execution and delivery of the Amendment Agreement by the Borrower and the making of the Loans under the Amendment Agreement will not violate Regulation U or X of the Board of Governors of the Federal Reserve System.

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With your consent, we have assumed for purposes of this letter and the opinions herein:

(a) that each document we have reviewed for purposes of this letter is accurate and complete, each such document that is an original is authentic, each such document that is a copy conforms to an authentic original, and all signatures on each such document are genuine, and that all natural persons who have signed any document have the legal capacity to do so;

(b) that each Operative Document and every other agreement we have examined for purposes of this letter has been duly authorized, executed and delivered by the parties thereto and constitutes a valid and binding obligation of each party to that document, enforceable against each such party in accordance with its respective terms and that each such party has satisfied all legal requirements that are applicable to such party to the extent necessary to entitle such party to enforce such agreement and that each party to any Operative Document is in good standing and duly incorporated or organized under the laws of its jurisdiction of organization (except that we make no such assumption in this paragraph (b) with respect to the Covered Credit Parties or, solely for the purposes of our opinions in paragraph 5, the Credit Parties);

(c) there are no agreements or understandings among the parties, written or oral (other than the Operative Documents), and there is no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement or qualify the terms of the Operative Documents; and

(d) that the status of the Operative Documents as legally valid and binding obligations of the parties is not affected by any (i) breaches of, or defaults under, agreements or instruments, (ii) violations of statutes, rules, regulations or court or governmental orders, or (iii) failures to obtain required consents, approvals or authorizations from, or make required registrations, declarations or filings with, governmental authorities, provided that we make no such assumption to the extent we have opined as to such matters with respect to the Credit Parties herein.

In addition, for purposes of this letter and the opinions herein we have also assumed with your consent: (i) each Credit Party has the requisite rights to any Collateral existing on the date hereof and will have the requisite rights to each item of Collateral arising after the date hereof, (ii) value (as defined in Section 1-201(44) of the New York UCC) has been given by you to the Credit Parties for the security interests and other rights in and assignments of Collateral described in or contemplated by the Operative Documents, (iii) any Pledged Securities issued by

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an issuer not organized under the laws of one of the states of the United States are "certificated securities" within the meaning of Section 8-102(a)(4) of the New York UCC, (iv) all Deposit Accounts are "deposit accounts" within the meaning of Section 9-102(a)(29) of the New York UCC; (v) all Depositary Banks are "banks" within the meaning of Section 1-201(4) of the New York UCC; (vi) all Securities Intermediaries are "securities intermediaries" within the meaning of Section 8-102(a)(14) of the New York UCC, (vii) all Securities Accounts are "securities accounts" within the meaning of Section 8-501 of the New York UCC and (viii) all information regarding the secured party on the Delaware Financing Statements is accurate and complete in all respects.

In preparing this letter, we have relied without any independent verification upon: (i) information contained in certificates obtained from governmental authorities; (ii) factual information represented to be true in the Operative Documents; (iii) factual information provided to us in a support certificate signed by each of the Credit Parties; and (iv) factual information we have obtained from such other sources as we have deemed reasonable; and we have examined the originals or copies certified to our satisfaction, of such Organizational Documents and other corporate, limited liability, company and partnership records of the Credit Parties as we deem necessary for or relevant to our opinions. We have assumed without investigation that the information upon which we have relied is accurate and does not omit disclosures necessary to prevent such information from being misleading.

The terms "knowledge," "actual knowledge" and "aware" whenever used in this letter with respect to our firm mean conscious awareness at the time this letter is delivered on the date it bears by the following Kirkland & Ellis LLP lawyers who are the only lawyers at Kirkland & Ellis LLP that have had significant involvement with the negotiation or preparation of the Operative Documents (herein called our "Designated Transaction Lawyers"): Ashley Gregory, Judson A. Oswald, Meredith Waters and Jonathan Manor.

Each opinion (an "enforceability opinion") in this letter that any particular contract is a valid and binding obligation, is enforceable in accordance with its terms or creates a security interest is subject to: (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and judicially developed doctrines in this area such as substantive consolidation and equitable subordination; (ii) the effect of general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity); (iii) an implied covenant of good faith and fair dealing; and (iv) other commonly recognized statutory and judicial constraints on enforceability including statutes of limitations. "General principles of equity" include but are not limited to: principles limiting the availability of specific performance and injunctive relief; principles which

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limit the availability of a remedy under certain circumstances where another remedy has been elected; principles requiring reasonableness, good faith and fair dealing in the performance and enforcement of an agreement by the party seeking enforcement; principles which may permit a party to cure a material failure to perform its obligations; and principles affording equitable defenses such as waiver, laches and estoppel.

Each enforceability opinion is also subject to the qualification that certain provisions of the Operative Documents may not be enforceable in whole or in part, although the inclusion of such provisions does not render the Operative Documents invalid, and the Operative Documents and the law of the State of New York contain adequate remedial provisions for the practical realization of the rights and benefits afforded thereby.

Each enforceability opinion is further subject to the effect of rules of law that may render guaranties or other similar instruments or agreements unenforceable under circumstances where your actions, failures to act or waivers, amendments or replacement of the Operative Documents (i) so radically change the essential nature of the terms and conditions of the guaranteed obligations and the related transactions that, in effect, a new relationship has arisen between you and the Credit Parties which is substantially and materially different from that presently contemplated by the Operative Documents, (ii) release the primary obligor, or (iii) impair the guarantor's recourse against the primary obligor.

We also express no opinion regarding the enforceability any "fraudulent conveyance or fraudulent transfer savings clauses" and any similar provisions in any Operative Document, to the extent such provisions purport to limit the amount of the obligations of any party or the right to contribution of any other party with respect to such obligations.

We render no opinion regarding the validity, binding effect or enforceability of any Operative Document with respect to any Credit Party to the extent such Operative Document involves any obligation (including any guaranty) of such Credit Party with respect to any "swap" (as such term is defined in the Commodity Exchange Act) if such Credit Party is not an "eligible contract participant" (as such term is defined in the Commodity Exchange Act) at the time such obligation is incurred by such Credit Party.

We render no opinion with regard to usury or other laws limiting or regulating the maximum amount of interest that may be charged, collected, received or contracted for other than the internal laws of the State of New York, and without limiting the foregoing, we expressly disclaim any opinion as to the usury or other such laws of any other jurisdiction (including laws of other states made applicable through principles of Federal preemption or otherwise) which may be applicable to the transactions contemplated by the Operative Documents.

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Our opinions regarding the creation and perfection of security interests are subject to the effect of (i) the limitations on the existence and perfection of security interests in proceeds resulting from the operation of Section 9-315 of the New York UCC and (ii) certain provisions of the Bankruptcy Code, including Section 547 with respect to preferential transfers and Section 552 with respect to any Collateral acquired by a Credit Party subsequent to the commencement of a case under the Bankruptcy Code with respect to such Credit Party.

We express no opinion (i) as to the priority of any security interest, (ii) as to what law governs perfection of the security interests granted in the Collateral, except as provided in opinion paragraph 12 (iii) regarding the perfection of any security interest in money, letter of credit rights, Collateral of a type represented by a certificate of title, any property for which a federal statute or treaty provides for registration or specifies a place of filing different from that specified in Section 9-501 of any applicable Uniform Commercial Code, commercial tort claims, crops, farm products, timber to be cut, as-extracted collateral, or consumer goods and (iv) the effectiveness of any supergeneric description of the Collateral in any Security Document.

Nothing contained in this letter covers or otherwise addresses any of the following types of provisions which may be contained in the Operative Documents:

(i) provisions mandating contribution towards judgments or settlements among various parties;

(ii) waivers of benefits and rights to the extent they cannot be waived under applicable law;

(iii) provisions providing for penalties, liquidated damages, acceleration of future amounts due (other than principal) without appropriate discount to present value, late charges, prepayment charges, interest upon interest, or increased interest rates upon default;

(iv) provisions which might require indemnification or contribution in violation of general principles of equity or public policy, including, without limitation, indemnification or contribution obligations which arise out of the failure to comply with applicable state or federal securities laws;

KIRKLAND & ELLIS LLP

To the Agent
and each of the Lenders under the
Credit Agreement

(v) agreements to submit to the jurisdiction of any particular court or other governmental authority (either as to personal or subject matter jurisdiction); provisions restricting access to courts; waiver of service of process requirements which would otherwise be applicable; waiver of the right to a jury trial and provisions otherwise purporting to affect the jurisdiction and venue of courts,

(vi) choice-of-law provisions, except to the extent such choice of law of New York law as the governing law is made in compliance with the statutory laws of the State of New York;

(vii) provisions regarding arbitration;

(viii) covenants not to compete;

(ix) provisions that authorize you to set off and apply any deposits at any time held, and any other indebtedness at any time owing, by you to or for the account of the Company, or

(x) requirements in the Operative Documents specifying that provisions thereof may only be waived in writing.

Except as expressly otherwise set forth in this letter, our advice on every legal issue addressed in this letter is based exclusively on the internal laws of the State of New York or the Federal law of the United States which, in each case, in our experience is generally applicable both to general business organizations which are not engaged in regulated business activities and to transactions of the type contemplated in the Operative Documents between the Credit Parties, on the one hand, and you, on the other hand (but without our having made any special investigation as to any other laws), except that we express no opinion or advice as to any law or legal issue (a) which might be violated by any misrepresentation or omission or a fraudulent act, or (b) to which any Credit Party may be subject as a result of your legal or regulatory status, your sale or transfer of the Loans or interests therein or your involvement in the transactions contemplated by the Operative Documents.

Our opinions in paragraphs 9 and 10 are limited to Article 9 of the New York UCC, or Article 9 of the Uniform Commercial Code as adopted in Delaware, as the case may be, and our opinions in paragraph 12 is limited to Articles 8 and 9 of the New York UCC.

For purposes of the opinions expressed in the paragraph 10 with respect to the New Delaware Credit Parties, we have reviewed the statutory provisions of the Uniform Commercial Code as adopted in Delaware, as set forth in the Commerce Clearing House, Inc. Secured Transactions Guide as supplemented through December 17, 2013 (the "Guide") and, with respect

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To the Agent
and each of the Lenders under the
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to such New Delaware Credit Parties, our opinions in such paragraph 10 are based solely on such review and on the assumption that such statutory provisions are given the same interpretation and application in Delaware as the corresponding provisions of the New York Uniform Commercial Code are given in New York.

For purposes of paragraphs 1 through 4 and 6(i) our opinions are based on the DGCL, DLLCA or DRULPA as applicable (without regard to judicial interpretation thereof or rules or regulations promulgated thereunder), as published by Wolters Kluwer, as supplemented through January 2, 2014. We note however that we are not admitted to practice law in the State of Delaware, and without limiting the forgoing we expressly disclaim any opinions regarding Delaware contract law or general Delaware law that may be incorporated expressly or by operation of law into the DLLCA or DRULPA or into any Organizational Document entered into pursuant thereto.

None of the opinions or other advice contained in this letter considers or covers: (i) any federal or state securities (or "blue sky") laws or regulations (other than our opinion in paragraph 8 regarding the Investment Company Act) or Federal Reserve Board margin regulations or (ii) federal or state antitrust and unfair competition laws and regulations, pension and employee benefit laws and regulations, compliance with fiduciary duty requirements, federal and state environmental, land use and subdivision, tax, racketeering (e.g., RICO), health and safety (e.g., OSHA), and labor laws and regulations, federal and state laws, regulations and policies concerning national and local emergency, possible judicial deference to acts of sovereign states and criminal and civil forfeiture laws, and other federal and state statutes of general application to the extent they provide for criminal prosecution (e.g., mail fraud and wire fraud statutes).

We also express no opinion regarding any laws relating to terrorism or money laundering, including Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) (the "Terrorism Executive Order") or any related enabling legislation or any other similar executive order (collectively with the Terrorism Executive Order, the "Executive Orders"), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the "Patriot Act"), any sanctions and regulations promulgated under authority granted by the Trading with the Enemy Act, 50 U.S.C. App. 1-44, as amended from time to time, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, as amended from time to time, the Iraqi Sanctions Act, Publ. L. No. 101-513; United Nations Participation Act, 22 U.S.C. § 287c, as amended from time to time, the International Security and Development Cooperation Act, 22 U.S.C. § 2349 aa-9, as amended from time to time, The Cuban Democracy Act, 22 U.S.C. §§ 6001-10, as amended from time to time, The Cuban Liberty and Democratic Solidarity Act, 18 U.S.C. §§ 2332d and 2339b, as amended from time to time, and The Foreign Narcotics Kingpin Designation Act, Publ. L. No. 106-120, as amended from time to time.

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January 27, 2014
Page 12

With respect to any Credit Party which is a limited liability company, our opinion regarding the enforceability of the Operative Documents under Illinois law is, as such is affected by usury laws, further subject to the assumption that a limited liability company is a "business association" as that term is used in Section 4(c) of the Illinois Interest Act, 815 ILCS 205 (the "IIA"). Under Section 4 of the IIA, 815 ILCS 205/4, the maximum lawful rate of interest on loans is 9% per annum, unless an exemption from that limit is available. The IIA sets forth a number of exemptions from the general limit, some based on the nature of the borrower, some based on the nature of the lender, and some based on the type of loan or transaction. The only exemption that appears to us to be available in this transaction is the general "business loan" exemption provided in Section 4(c) of the IIA, 815 ILCS 205/4(c), which allows in relevant part "any rate of interest or compensation with respect to . . . (c) . . . any business loan to a business association or copartnership . . . or to any limited partnership . . . ." That section proceeds to define "business" as a "commercial, agricultural or industrial enterprise which is carried on for the purpose of investment or profit . . . ." We note that a separate subsection of this statute, Section 4(a), provides a like exemption for "any loan made to a corporation."

The IIA is silent as to whether a limited liability company is included within the scope of "business association" for purposes of the "business loan" exemption, and we have found no Illinois cases under the IIA or otherwise addressing this issue. Moreover, given the broad language of the "business loan" exemption, the similarity of limited liability companies to corporations and limited partnerships, and the fact that limited liability companies have only recently become widely used in Illinois, we are not aware of any public policy of the State of Illinois that would lead us to conclude that limited liability companies should be excluded from the scope of "business associations" for purposes of IIA Section 4(c). In addition, we have located another Illinois statute, the Real Estate License Act of 1983, as amended, 225 ILCS 455/25, which refers in relevant part to "corporations, limited liability companies, partnerships, or other business associations," further supporting the conclusion that business associations include limited liability companies. While in the absence of legislative clarification or an Illinois Supreme Court decision we cannot offer any opinion on the point, we do believe that in a case properly presented an Illinois court properly applying Illinois law should conclude that a limited liability company is a "business association" within the meaning of Section 4(c) of the IIA.

We express no opinion as to what law might be applied by any other courts to resolve any issue addressed in this letter. We advise you that issues addressed by this letter may be governed in whole or in part by other laws, but we express no opinion as to whether any relevant difference exists between the laws upon which our opinions are based and any other laws which may actually govern.

KIRKLAND & ELLIS LLP

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This opinion letter speaks as of the time of its delivery on the date it bears. We do not assume any obligation to provide you with any subsequent opinion or advice by reason of any fact about which our Designated Transaction Lawyers did not have actual knowledge at that time, by reason of any change subsequent to that time in any law covered by any of our opinions, or for any other reason.

You may rely upon this letter only for the purpose served by the provision in the Amendment Agreement cited in the second paragraph of this opinion letter in response to which it has been delivered. Without our written consent: (i) no person other than you may rely on this opinion letter for any purpose; (ii) this opinion letter may not be cited or quoted in any financial statement, prospectus, private placement memorandum or other similar document; (iii) this opinion letter may not be cited or quoted in any other document or communication which might encourage reliance upon this opinion letter by any person or for any purpose excluded by the restrictions in this paragraph; and (iv) copies of this opinion letter may not be furnished to anyone for purposes of encouraging such reliance. Notwithstanding the foregoing, financial institutions which subsequently become Lenders in accordance with the terms of Section 9.04 of the Credit Agreement may rely on this opinion letter as of the time of its delivery on the date hereof as if this letter were addressed to them.

Sincerely,

KIRKLAND & ELLIS LLP

SUPPLEMENTAL #2
August 29, 2014
7:44 am

SCHEDULE 1

Guarantors

1. Abilene Hospital, LLC
2. Abilene Merger, LLC
3. Affinity Health Systems, LLC
4. Affinity Hospital, LLC
5. Anna Hospital Corporation
6. Berwick Hospital Company, LLC
7. Big Bend Hospital Corporation
8. Big Spring Hospital Corporation
9. Birmingham Holdings, LLC
10. Birmingham Holdings II, LLC
11. Blue Island Hospital Company, LLC
12. Blue Island Illinois Holdings, LLC
13. Bluefield Holdings, LLC
14. Bluefield Hospital Company, LLC
15. Bluffton Health System LLC
16. Brownsville Hospital Corporation
17. Brownwood Hospital, L.P.
18. Brownwood Medical Center, LLC
19. Bullhead City Hospital Corporation
20. Bullhead City Hospital Investment Corporation
21. Carlsbad Medical Center, LLC
22. Centre Hospital Corporation
23. CHHS Holdings, LLC
24. CHS Kentucky Holdings, LLC
25. CHS Pennsylvania Holdings, LLC
26. CHS Virginia Holdings, LLC
27. CHS Washington Holdings, LLC
28. Clarksville Holdings, LLC
29. Clarksville Holdings II, LLC
30. Cleveland Hospital Corporation
31. Cleveland Tennessee Hospital Company, LLC
32. Clinton Hospital Corporation
33. Coatesville Hospital Corporation
34. College Station Hospital, L.P.
35. College Station Medical Center, LLC
36. College Station Merger, LLC
37. Community GP Corp.
38. Community Health Investment Company, LLC
39. Community LP Corp.
40. CP Hospital GP, LLC
41. CPLP, LLC

42. Crestwood Hospital LP, LLC
43. Crestwood Hospital, LLC
44. CSMC, LLC
45. CSRA Holdings, LLC
46. Deaconess Holdings, LLC
47. Deaconess Hospital Holdings, LLC
48. Deming Hospital Corporation
49. Desert Hospital Holdings, LLC
50. Detar Hospital, LLC
51. DHSC, LLC
52. DHFW Holdings, LLC
53. Dukes Health System, LLC
54. Dyersburg Hospital Corporation
55. Emporia Hospital Corporation
56. Evanston Hospital Corporation
57. Fallbrook Hospital Corporation
58. Foley Hospital Corporation
59. Forrest City Arkansas Hospital Company, LLC
60. Forrest City Hospital Corporation
61. Fort Payne Hospital Corporation
62. Frankfort Health Partner, Inc.
63. Franklin Hospital Corporation
64. Gadsden Regional Medical Center, LLC
65. Galesburg Hospital Corporation
66. Granbury Hospital Corporation
67. Granite City Hospital Corporation
68. Granite City Illinois Hospital Company, LLC
69. Greenville Hospital Corporation
70. GRMC Holdings, LLC
71. Hallmark Healthcare Company, LLC
72. Hobbs Medco, LLC
73. Hospital of Barstow, Inc.
74. Hospital of Fulton, Inc.
75. Hospital of Louisa, Inc.
76. Hospital of Morristown, Inc.
77. Jackson Hospital Corporation (KY)
78. Jackson Hospital Corporation (TN)
79. Jourdanton Hospital Corporation
80. Kay County Hospital Corporation
81. Kay County Oklahoma Hospital Company, LLC
82. Kirksville Hospital Company, LLC
83. Lakeway Hospital Corporation
84. Lancaster Hospital Corporation
85. Las Cruces Medical Center, LLC
86. Lea Regional Hospital, LLC
87. Lexington Hospital Corporation

88. Longview Clinic Operations Company, LLC
89. Longview Medical Center, L.P.
90. Longview Merger, LLC
91. LRH, LLC
92. Lutheran Health Network of Indiana, LLC
93. Marion Hospital Corporation
94. Martin Hospital Corporation
95. Massillon Community Health System LLC
96. Massillon Health System LLC
97. Massillon Holdings, LLC
98. McKenzie Tennessee Hospital Company, LLC
99. McNairy Hospital Corporation
100. MCSA, L.L.C.
101. Medical Center of Brownwood, LLC
102. Merger Legacy Holdings, LLC
103. MMC of Nevada, LLC
104. Moberly Hospital Company, LLC
105. MWMC Holdings, LLC
106. Nanticoke Hospital Company, LLC
107. National Healthcare of Leesville, Inc.
108. National Healthcare of Mt. Vernon, Inc.
109. National Healthcare of Newport, Inc.
110. Navarro Hospital, L.P.
111. Navarro Regional, LLC
112. NC-DSH, LLC
113. Northampton Hospital Company, LLC
114. Northwest Hospital, LLC
115. Northwest Arkansas Hospitals, LLC
116. NOV Holdings, LLC
117. NRH, LLC
118. Oak Hill Hospital Corporation
119. Oro Valley Hospital, LLC
120. Palmer-Wasilla Health System, LLC
121. Payson Hospital Corporation
122. Peckville Hospital Company, LLC
123. Pennsylvania Hospital Company, LLC
124. Phillips Hospital Corporation
125. Phoenixville Hospital Company, LLC
126. Pottstown Hospital Company, LLC
127. QHG Georgia Holdings, Inc.
128. QHG Georgia Holdings II, LLC
129. QHG Georgia, LP
130. QHG of Bluffton Company, LLC
131. QHG of Clinton County, Inc.
132. QHG of Enterprise, Inc.
133. QHG of Forrest County, Inc.

134. QHG of Fort Wayne Company, LLC
135. QHG of Hattiesburg, Inc.
136. QHG of Massillon, Inc.
137. QHG of South Carolina, Inc.
138. QHG of Spartanburg, Inc.
139. QHG of Springdale, Inc.
140. QHG of Warsaw Company, LLC
141. Quorum Health Resources, LLC
142. Red Bud Hospital Corporation
143. Red Bud Illinois Hospital Company, LLC
144. Regional Hospital of Longview, LLC
145. River Region Medical Corporation
146. Roswell Hospital Corporation
147. Ruston Hospital Corporation
148. Ruston Louisiana Hospital Company, LLC
149. SACMC, LLC
150. Salem Hospital Corporation
151. San Angelo Community Medical Center, LLC
152. San Angelo Medical, LLC
153. San Miguel Hospital Corporation
154. Scranton Holdings, LLC
155. Scranton Hospital Company, LLC
156. Scranton Quincy Holdings, LLC
157. Scranton Quincy Hospital Company, LLC
158. Shelbyville Hospital Corporation
159. Siloam Springs Arkansas Hospital Company, LLC
160. Siloam Springs Holdings, LLC
161. Southern Texas Medical Center, LLC
162. Spokane Valley Washington Hospital Company, LLC
163. Spokane Washington Hospital Company, LLC
164. Tennyson Holdings, LLC
165. Tooele Hospital Corporation
166. Tomball Texas Holdings, LLC
167. Tomball Texas Hospital Company, LLC
168. Triad Healthcare Corporation
169. Triad Holdings III, LLC
170. Triad Holdings IV, LLC
171. Triad Holdings V, LLC
172. Triad Nevada Holdings, LLC
173. Triad of Alabama, LLC
174. Triad of Oregon, LLC
175. Triad-ARMC, LLC
176. Triad-El Dorado, Inc.
177. Triad-Navarro Regional Hospital Subsidiary, LLC
178. Tunkhannock Hospital Company, LLC
179. VHC Medical, LLC

180. Vicksburg Healthcare, LLC
181. Victoria Hospital, LLC
182. Victoria of Texas, L.P.
183. Virginia Hospital Company, LLC
184. Warren Ohio Hospital Company, LLC
185. Warren Ohio Rehab Hospital Company, LLC
186. Watsonville Hospital Corporation
187. Waukegan Hospital Corporation
188. Waukegan Illinois Hospital Company, LLC
189. Weatherford Hospital Corporation
190. Weatherford Texas Hospital Company, LLC
191. Webb Hospital Corporation
192. Webb Hospital Holdings, LLC
193. Wesley Health System LLC
194. West Grove Hospital Company, LLC
195. WHMC, LLC
196. Wilkes-Barre Behavioral Hospital Company, LLC
197. Wilkes-Barre Holdings, LLC
198. Wilkes-Barre Hospital Company, LLC
199. Williamston Hospital Corporation
200. Women & Children's Hospital, LLC
201. Woodland Heights Medical Center, LLC
202. Woodward Health System, LLC
203. York Pennsylvania Holdings, LLC
204. York Pennsylvania Hospital Company, LLC
205. Youngstown Ohio Hospital Company, LLC
206. Amory HMA, LLC
207. Bartow HMA, LLC
208. Biloxi H.M.A., LLC
209. Brandon HMA, LLC
210. Brevard HMA Holdings, LLC
211. Brevard HMA Hospitals, LLC
212. Campbell County HMA, LLC
213. Carlisle HMA, LLC
214. Carolinas JV Holdings General, LLC
215. Carolinas JV Holdings, L.P.
216. Central Florida HMA Holdings, LLC
217. Central States HMA Holdings, LLC
218. Chester HMA, LLC
219. Citrus HMA, LLC
220. Clarksdale HMA, LLC
221. Cocke County HMA, LLC
222. Florida HMA Holdings, LLC
223. Fort Smith HMA, LLC
224. Hamlet H.M.A., LLC
225. Health Management Associates, Inc.

226. Health Management Associates, LP
227. Health Management General Partner, LLC
228. HMA Fentress County General Hospital, LLC
229. HMA Hospitals Holdings, LP
230. HMA Santa Rosa Medical Center, LLC
231. Hospital Management Associates, LLC
232. Jackson HMA, LLC
233. Jefferson County HMA, LLC
234. Kennett HMA, LLC
235. Key West HMA, LLC
236. Knoxville HMA Holdings, LLC
237. Lehigh HMA, LLC
238. Lone Star HMA, L.P.
239. Madison HMA, LLC
240. Melbourne HMA, LLC
241. Mesquite HMA General, LLC
242. Metro Knoxville HMA, LLC
243. Mississippi HMA Holdings I, LLC
244. Mississippi HMA Holdings II, LLC
245. Monroe HMA, LLC
246. Naples HMA, LLC
247. Poplar Bluff Regional Medical Center, LLC
248. Port Charlotte HMA, LLC
249. Punta Gorda HMA, LLC
250. River Oaks Hospital, LLC
251. Rockledge HMA, LLC
252. ROH, LLC
253. Sebastian Hospital, LLC
254. Sebring Hospital Management Associates, LLC
255. Southeast HMA Holdings, LLC
256. Southwest Florida HMA Holdings, LLC
257. Statesville HMA, LLC
258. VAN BUREN H.M.A., LLC
259. Venice HMA, LLC
260. Winder HMA, LLC
261. Yakima HMA, LLC

SCHEDULE 2

Illinois Credit Parties

1. Woodland Heights Medical Center, LLC
2. Woodward Health System, LLC
3. Youngstown Ohio Hospital Company, LLC
4. Anna Hospital Corporation
5. Galesburg Hospital Corporation
6. Granite City Hospital Corporation
7. Granite City Illinois Hospital Company, LLC
8. Marion Hospital Corporation
9. Red Bud Hospital Corporation
10. Red Bud Illinois Hospital Company, LLC
11. Waukegan Hospital Corporation
12. Waukegan Illinois Hospital Company, LLC

SCHEDULE 3(a)

Delaware Credit Parties

1. Abilene Merger, LLC
2. Arizona DH, LLC
3. Berwick Hospital Company, LLC
4. BH Trans Company, LLC
5. Birmingham Holdings II, LLC
6. Birmingham Holdings, LLC
7. Bluefield Holdings, LLC
8. Bluefield Hospital Company, LLC
9. Bluffton Health System, LLC
10. Brownwood Hospital, L.P.
11. Brownwood Medical Center, LLC
12. Carlsbad Medical Center, LLC
13. CHHS Holdings, LLC
14. CHS Kentucky Holdings, LLC
15. CHS Pennsylvania Holdings, LLC
16. CHS Virginia Holdings, LLC
17. CHS Washington Holdings, LLC
18. CHS/Community Health Systems, Inc.
19. Claremore Regional Hospital, LLC
20. Clarksville Holdings, LLC
21. Cleveland Regional Medical Center, L.P.
22. Cleveland Tennessee Hospital Company, LLC
23. College Station Hospital, L.P.
24. College Station Medical Center, LLC
25. College Station Merger, LLC
26. Community GP Corp.
27. Community Health Investment Company, LLC
28. Community Health Systems, Inc.
29. Community LP Corp.
30. CP Hospital GP, LLC
31. CPLP, LLC
32. Crestwood Hospital LP, LLC
33. Crestwood Hospital, LLC
34. CSMC, LLC
35. CSRA Holdings, LLC
36. Deaconess Holdings, LLC
37. Deaconess Hospital Holdings, LLC
38. Desert Hospital Holdings, LLC
39. Detar Hospital, LLC
40. DHFW Holdings, LLC
41. DHSC, LLC

42. Dukes Health System, LLC
43. Fallbrook Hospital Corporation
44. Gadsden Regional Medical Center, LLC
45. GRMC Holdings, LLC
46. Hallmark Healthcare Company, LLC
47. Hobbs Medco, LLC
48. Hospital of Barstow, Inc.
49. Kirksville Hospital Company, LLC
50. Lancaster Hospital Corporation
51. Las Cruces Medical Center, LLC
52. Lea Regional Hospital, LLC
53. Longview Merger, LLC
54. LRH, LLC
55. Lutheran Health Network of Indiana, LLC
56. Massillon Community Health System LLC
57. Massillon Health System LLC
58. Massillon Holdings, LLC
59. McKenzie Tennessee Hospital Company, LLC
60. Medical Center of Brownwood, LLC
61. Merger Legacy Holdings, LLC
62. MMC of Nevada, LLC
63. Moberly Hospital Company, LLC
64. MWMC Holdings, LLC
65. National Healthcare of Leesville, Inc.
66. National Healthcare of Mt. Vernon, Inc.
67. National Healthcare of Newport, Inc.
68. Navarro Hospital, L.P.
69. Navarro Regional, LLC
70. Northampton Hospital Company, LLC
71. Northwest Hospital, LLC
72. NOV Holdings, LLC
73. NRH, LLC
74. Oro Valley Hospital, LLC
75. Palmer-Wasilla Health System, LLC
76. Pennsylvania Hospital Company, LLC
77. Phoenixville Hospital Company, LLC
78. Pottstown Hospital Company, LLC
79. QHG Georgia Holdings II, LLC
80. QHG of Bluffton Company, LLC
81. QHG of Fort Wayne Company, LLC
82. QHG of Warsaw Company, LLC
83. Quorum Health Resources, LLC
84. Regional Hospital of Longview, LLC
85. Ruston Hospital Corporation
86. Ruston Louisiana Hospital Company, LLC
87. SACMC, LLC

88. San Angelo Community Medical Center, LLC
89. San Angelo Medical, LLC
90. Siloam Springs Arkansas Hospital Company, LLC
91. Siloam Springs Holdings, LLC
92. Southern Texas Medical Center, LLC
93. Spokane Valley Washington Hospital Company, LLC
94. Spokane Washington Hospital Company, LLC
95. Tennyson Holdings, LLC
96. Triad Healthcare Corporation
97. Triad Holdings III, LLC
98. Triad Holdings IV, LLC
99. Triad Holdings V, LLC
100. Triad Nevada Holdings, LLC
101. Triad of Alabama, LLC
102. Triad of Oregon, LLC
103. Triad-ARMC, LLC
104. Triad-Denton Hospital GP, LLC
105. Triad-Denton Hospital, L.P.
106. Triad-Navarro Regional Hospital Subsidiary, LLC
107. VHC Medical, LLC
108. Vicksburg Healthcare, LLC
109. Victoria Hospital, LLC
110. Victoria of Texas, L.P.
111. Warren Ohio Hospital Company, LLC
112. Warren Ohio Rehab Hospital Company, LLC
113. Watsonville Hospital Corporation
114. Webb Hospital Corporation
115. Webb Hospital Holdings, LLC
116. Wesley Health System, LLC
117. West Grove Hospital Company, LLC
118. WHMC, LLC
119. Wilkes-Barre Behavioral Hospital Company., LLC
120. Wilkes-Barre Holdings, LLC
121. Wilkes-Barre Hospital Company, LLC
122. Women & Children's Hospital, LLC
123. Woodland Heights Medical Center, LLC
124. Woodward Health System, LLC
125. Youngstown Ohio Hospital Company, LLC
126. Anna Hospital Corporation
127. Galesburg Hospital Corporation
128. Granite City Hospital Corporation
129. Granite City Illinois Hospital Company, LLC
130. Marion Hospital Corporation
131. Red Bud Hospital Corporation
132. Red Bud Illinois Hospital Company, LLC
133. Waukegan Hospital Corporation

134. Waukegan Illinois Hospital Company, LLC
135. Carolinas JV Holdings, L.P.
136. Carolinas JV Holdings General, LLC
137. Central Florida HMA Holdings, LLC
138. Central States HMA Holdings, LLC
139. Florida HMA Holdings, LLC
140. Health Management Associates, Inc.
141. Health Management General Partner, LLC
142. Health Management Associates, LP
143. HMA Hospitals Holdings, LP
144. Lone Star HMA, L.P.
145. Mesquite HMA General, LLC
146. Mississippi HMA Holdings I, LLC
147. Mississippi HMA Holdings II, LLC
148. Southeast HMA Holdings, LLC
149. Southwest Florida HMA Holdings, LLC

SUPPLEMENTAL #2
August 29, 2014
7:44 am

SCHEDULE 3(b)

New Delaware Credit Parties

1. Carolinas JV Holdings, L.P.
2. Carolinas JV Holdings General, LLC
3. Central Florida HMA Holdings, LLC
4. Central States HMA Holdings, LLC
5. Florida HMA Holdings, LLC
6. Health Management Associates, Inc.
7. Health Management General Partner, LLC
8. Health Management Associates, LP
9. HMA Hospitals Holdings, LP
10. Lone Star HMA, L.P.
11. Mesquite HMA General, LLC
12. Mississippi HMA Holdings I, LLC
13. Mississippi HMA Holdings II, LLC
14. Southeast HMA Holdings, LLC
15. Southwest Florida HMA Holdings, LLC

SUPPLEMENTAL #2
August 29, 2014
7:44 am

EXHIBIT 1

UCC Financing Statements

Attached.

SUPPLEMENTAL #2
August 29, 2014
7:44 am

EXHIBIT 2

Contracts

1. Indenture dated as of January 27, 2014 among FWCT-2 Escrow Corporation and Regions Bank, an Alabama banking corporation, as Trustee, relating to the sale by FWCT-2 Escrow Corporation of $1,000,000,000 Senior Secured Notes due 2021.

2. Indenture dated as of January 27, 2014 among FWCT-2 Escrow Corporation and Regions Bank, an Alabama banking corporation, as Trustee, relating to the sale by FWCT-2 Escrow Corporation of $3,000,000,000 Senior Notes due 2022.

3. Indenture dated as of August 17, 2012 among Parent, Borrower, the subsidiary grantors from time to time party thereto, Credit Suisse AG, as collateral agent and Trustee, relating to the sale by Borrower of $1,600,000,000 Senior Secured Notes due 2018.

4. Indenture dated as of November 22, 2011 among Borrower, the guarantor party thereto and Regions Bank, Alabama banking corporation, as Trustee, relating to the sale by Borrower of $2,000,000,000 Senior Notes due 2019.

5. Indenture dated as of July 17, 2012 among Borrower, the guarantor party thereto and U.S. Bank National Association, as Trustee, relating to the sale by Borrower of $1,200,000,000 Senior Notes due 2020.

EXHIBIT 3

Pledged Securities

Issuer	State	Owner	% of Equity Interest	Number and Class of Equity Interest	Certificate Number
Health Management Associates, Inc.	Delaware	CHS/Community Health Services, Inc.	100%	1,000 shares common stock	1

EXHIBIT B-2

Form of Opinion of General Counsel of Parent

January 27, 2014

The Lenders and the Agent Referred to Below
c/o Credit Suisse AG
as Administrative Agent, Collateral Agent and
Issuing Bank
Eleven Madison Avenue
New York, New York 10010

RE: Third Amendment and Restatement Agreement, dated as of January 27, 2014

Ladies and Gentlemen:

I am Executive Vice President, Secretary and General Counsel of CHS/Community Health Systems, Inc., a Delaware corporation (the "Borrower"), and have acted as Counsel for the Borrower, Community Health Systems, Inc. ("Parent") and each of the Subsidiaries listed on the Schedule of Guarantors attached hereto as Schedule A (each a "Guarantor" and, collectively, the "Guarantors", and together with the Borrower and Parent, the "Credit Parties") in connection with the Third Amendment and Restatement Agreement, dated as of even date herewith (the "Amendment Agreement"), among Parent, the Borrower, the Guarantors, and Credit Suisse AG, as Administrative Agent and Collateral Agent (the "Agent"), and the Lenders listed on the signature pages thereto, which Amendment Agreement amends and restates the Credit Agreement, dated as of July 25, 2007, as amended and restated as of November 5, 2010 and as of February 2, 2012 (the "Existing Credit Agreement"), among Parent, the Borrower, Agent, and the Lenders party thereto (the Existing Credit Agreement, as amended and restated by the Amendment Agreement, the "Amended and Restated Credit Agreement").

This opinion is delivered to you pursuant to subsection Section 5(c)(ii) of the Amendment Agreement. All capitalized terms used herein that are defined in, or by reference in, the Amended and Restated Credit Agreement have the meanings assigned to such terms therein, or by reference therein, unless otherwise defined herein. With your permission, all assumptions and statements of reliance herein have been made without any independent investigation or verification on my part except to the extent otherwise expressly stated, and I express no opinion with respect to the subject matter or accuracy of such assumptions or items relied upon.

In connection with this opinion, I have (i) investigated such questions of law, (ii) examined originals or certified, conformed or reproduction copies of such agreements, instruments, documents, and records of the Credit Parties, such certificates of public officials and such other documents, and (iii) received such information from officers and representatives of the Credit Parties, as I have deemed necessary or appropriate for the purposes of this opinion. I have examined, among other documents, the following (in each case dated as of the date of the Amendment Agreement):

(a) an executed copy of the Amendment Agreement; and

(b) a copy of the Amended and Restated Credit Agreement.

The documents referred to in items (a) and (b) above, inclusive, are referred to herein as the "Transaction Documents".

In all such examinations, I have assumed the legal capacity of all natural persons executing documents, the genuineness of all signatures on original or certified, conformed or reproduction copies of

documents of all parties (other than with respect to the Credit Parties to the extent signed in my presence), the authenticity of original and certified documents and the conformity to original or certified documents of all copies submitted to me as conformed or reproduction copies. As to various questions of fact relevant to the opinions expressed herein, I have relied upon, and assume the accuracy of, certificates and oral or written statements and other information of or from public officials and others, and assume compliance on the part of all parties to the Transaction Documents with their covenants and agreements contained therein.

With respect to the opinions expressed in clauses (ii) and (iv) of paragraph (b) below, my opinions are limited (x) to my actual knowledge of the respective business activities and properties of the Credit Parties in respect of such matters and without any independent investigation or verification on my part and (y) to my review of only those laws and regulations that, in my experience, are normally applicable to transactions of the type contemplated by the Transaction Documents.

To the extent it may be relevant to the opinions expressed herein, I have assumed that the parties to the Transaction Documents, other than Parent, the Borrower and the Guarantors, have the corporate power to enter into and perform such documents and that (except as set forth in paragraph (b) below) such documents have been duly authorized, executed and delivered by, and constitute legal, valid and binding obligations of, such parties.

Based upon the foregoing, and subject to the limitations, qualifications and assumptions set forth therein, I am of the opinion that:

(a) Each Guarantor is a corporation, limited liability company, or limited partnership validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all power and authority necessary to execute, deliver and perform its obligations under the Transaction Documents.

(b) The execution and delivery by each Credit Party of the Amendment Agreement and the performance by each Credit Party of its respective obligations under each of the Transaction Documents and the borrowings by the Borrower and the grant by each Credit Party of the security interests pursuant to the Transaction Documents to which it is a party (i) have been authorized, in the case of each Guarantor, by all necessary action by such Guarantor, (ii) do not require under present law any filing or registration by any Credit Party with, or approval or consent to any Credit Party of, any governmental agency or authority of the State of Tennessee that has not been made or obtained, except those required in the ordinary course of business in connection with the future performance, if any, by each Credit Party of its respective obligations under certain covenants contained in the Transaction Documents to which it is a party or pursuant to securities or other laws that may be applicable to the disposition of any collateral subject thereto, (iii) do not contravene any provision of the certificate of incorporation or bylaws or similar organizational document of any Guarantor, (iv) do not violate any present law, or present regulation of any governmental agency or authority, of the State of Tennessee known by me to be applicable to any Credit Party or their respective properties, (v) breach or cause a default under any agreement or violate any court decree or order binding upon such Credit Party or its property (this opinion being limited (x) to those agreements, decrees or orders that have been filed as exhibits (or are incorporated by reference as exhibits) to the Form 10-K of Parent for the year ended December 31, 2012 and (y) in that I express, no opinion with respect to any breach, default or violation not readily ascertainable from the face of any such agreement, decree or order, or arising under or based upon any cross default provision insofar as it relates to a default under an agreement not so identified to

me, or arising under or based upon any covenant of a financial or numerical nature or requiring computation), and (vi) will not result in or require the creation or imposition of any Lien upon any properties of a Credit Party pursuant to the provisions of any agreement (this opinion being limited to those agreements that have been filed as exhibits (or are incorporated by reference as exhibits) to the Form 10-K of Parent for the year ended December 31, 2012.

(c) The Amendment Agreement has been duly executed and delivered on behalf of each Guarantor that is a party thereto.

To my actual knowledge, I am not aware of any pending legal proceeding before, or pending investigation by, any court or administrative agency or authority, or any arbitration tribunal, against or directly affecting the Credit Parties, or any of their respective properties, which seeks to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief in connection with or which would adversely affect the legality, validity or enforceability of, any of the Transaction Documents or the transactions contemplated thereby.

I have issued certain limited opinions above as to the corporate, limited liability company, or limited partnership organization, existence, good standing and authority of the Guarantors under the law of their respective states of organization. I do not purport to be an expert in matters of law of jurisdictions other than the State of Tennessee and the federal law of the United States of America, and have issued my opinions based solely upon my review of the corporate record of each Guarantor.

The opinions set forth above are subject to the following qualifications and limitations:

(a) I express no opinion regarding the application of federal or state securities laws to the transactions contemplated in the Transaction Documents;

(b) I express no opinion regarding (i) the effect of fraudulent conveyance, fraudulent transfer and other similar laws relating to or affecting the rights of creditors and (ii) restrictions relating to capital adequacy that may be applicable to any Guarantor to the extent any Transaction Document may be deemed a dividend or distribution; and

(c) to the extent that section 8.31 of the Revised Model Business Corporation Act (as adopted in any state in which a Credit Party is incorporated) or other corporation law analogous thereto may apply, I have assumed the transactions described in the Transaction Documents are fair to the Credit Parties.

I am qualified to practice law in the State of Tennessee, and I am no expert in and express no opinions as to the laws of other jurisdictions other than to the federal laws of the United States of America and the laws of the State of Tennessee, as currently in effect. I assume no obligation to supplement this opinion if any applicable laws change after the date hereof or if I become aware of any facts that might change the opinions expressed herein after the date hereof.

[Remainder of page intentionally left blank.]

The opinions expressed herein are solely for the benefit of the Lenders and the Agent and may not be relied on in any manner or for any purpose by any other person or entity.

Very truly yours,

Rachel A. Seifert
Executive Vice President, Secretary and
General Counsel

Schedule A
Schedule of Guarantors

1. Abilene Hospital, LLC
2. Abilene Merger, LLC
3. Affinity Health Systems, LLC
4. Affinity Hospital, LLC
5. Anna Hospital Corporation
6. Berwick Hospital Company, LLC
7. Big Bend Hospital Corporation
8. Big Spring Hospital Corporation
9. Birmingham Holdings, LLC
10. Birmingham Holdings II, LLC
11. Blue Island Hospital Company, LLC
12. Blue Island Illinois Holdings, LLC
13. Bluefield Holdings, LLC
14. Bluefield Hospital Company, LLC
15. Bluffton Health System LLC
16. Brownsville Hospital Corporation
17. Brownwood Hospital, L.P.
18. Brownwood Medical Center, LLC
19. Bullhead City Hospital Corporation
20. Bullhead City Hospital Investment Corporation
21. Carlsbad Medical Center, LLC
22. Centre Hospital Corporation
23. CHHS Holdings, LLC
24. CHS Kentucky Holdings, LLC
25. CHS Pennsylvania Holdings, LLC
26. CHS Virginia Holdings, LLC
27. CHS Washington Holdings, LLC
28. Clarksville Holdings, LLC
29. Clarksville Holdings II, LLC
30. Cleveland Hospital Corporation
31. Cleveland Tennessee Hospital Company, LLC
32. Clinton Hospital Corporation
33. Coatesville Hospital Corporation
34. College Station Hospital, L.P.
35. College Station Medical Center, LLC
36. College Station Merger, LLC
37. Community GP Corp.
38. Community Health Investment Company, LLC
39. Community LP Corp.
40. CP Hospital GP, LLC
41. CPLP, LLC
42. Crestwood Hospital LP, LLC

43. Crestwood Hospital, LLC
44. CSMC, LLC
45. CSRA Holdings, LLC
46. Deaconess Holdings, LLC
47. Deaconess Hospital Holdings, LLC
48. Deming Hospital Corporation
49. Desert Hospital Holdings, LLC
50. Detar Hospital, LLC
51. DHSC, LLC
52. DHFW Holdings, LLC
53. Dukes Health System, LLC
54. Dyersburg Hospital Corporation
55. Emporia Hospital Corporation
56. Evanston Hospital Corporation
57. Fallbrook Hospital Corporation
58. Foley Hospital Corporation
59. Forrest City Arkansas Hospital Company, LLC
60. Forrest City Hospital Corporation
61. Fort Payne Hospital Corporation
62. Frankfort Health Partner, Inc.
63. Franklin Hospital Corporation
64. Gadsden Regional Medical Center, LLC
65. Galesburg Hospital Corporation
66. Granbury Hospital Corporation
67. Granite City Hospital Corporation
68. Granite City Illinois Hospital Company, LLC
69. Greenville Hospital Corporation
70. GRMC Holdings, LLC
71. Hallmark Healthcare Company, LLC
72. Hobbs Medco, LLC
73. Hospital of Barstow, Inc.
74. Hospital of Fulton, Inc.
75. Hospital of Louisa, Inc.
76. Hospital of Morristown, Inc.
77. Jackson Hospital Corporation (KY)
78. Jackson Hospital Corporation (TN)
79. Jourdanton Hospital Corporation
80. Kay County Hospital Corporation
81. Kay County Oklahoma Hospital Company, LLC
82. Kirksville Hospital Company, LLC
83. Lakeway Hospital Corporation
84. Lancaster Hospital Corporation
85. Las Cruces Medical Center, LLC
86. Lea Regional Hospital, LLC

87. Lexington Hospital Corporation
88. Longview Clinic Operations Company, LLC
89. Longview Medical Center, L.P.
90. Longview Merger, LLC
91. LRH, LLC
92. Lutheran Health Network of Indiana, LLC
93. Marion Hospital Corporation
94. Martin Hospital Corporation
95. Massillon Community Health System LLC
96. Massillon Health System LLC
97. Massillon Holdings, LLC
98. McKenzie Tennessee Hospital Company, LLC
99. McNairy Hospital Corporation
100. MCSA, L.L.C.
101. Medical Center of Brownwood, LLC
102. Merger Legacy Holdings, LLC
103. MMC of Nevada, LLC
104. Moberly Hospital Company, LLC
105. MWMC Holdings, LLC
106. Nanticoke Hospital Company, LLC
107. National Healthcare of Leesville, Inc.
108. National Healthcare of Mt. Vernon, Inc.
109. National Healthcare of Newport, Inc.
110. Navarro Hospital, L.P.
111. Navarro Regional, LLC
112. NC-DSH, LLC
113. Northampton Hospital Company, LLC
114. Northwest Hospital, LLC
115. Northwest Arkansas Hospitals, LLC
116. NOV Holdings, LLC
117. NRH, LLC
118. Oak Hill Hospital Corporation
119. Oro Valley Hospital, LLC
120. Palmer-Wasilla Health System, LLC
121. Payson Hospital Corporation
122. Peckville Hospital Company, LLC
123. Pennsylvania Hospital Company, LLC
124. Phillips Hospital Corporation
125. Phoenixville Hospital Company, LLC
126. Pottstown Hospital Company, LLC
127. QHG Georgia Holdings, Inc.
128. QHG Georgia Holdings II, LLC
129. QHG Georgia, LP
130. QHG of Bluffton Company, LLC

131. QHG of Clinton County, Inc.
132. QHG of Enterprise, Inc.
133. QHG of Forrest County, Inc.
134. QHG of Fort Wayne Company, LLC
135. QHG of Hattiesburg, Inc.
136. QHG of Massillon, Inc.
137. QHG of South Carolina, Inc.
138. QHG of Spartanburg, Inc.
139. QHG of Springdale, Inc.
140. QHG of Warsaw Company, LLC
141. Quorum Health Resources, LLC
142. Red Bud Hospital Corporation
143. Red Bud Illinois Hospital Company, LLC
144. Regional Hospital of Longview, LLC
145. River Region Medical Corporation
146. Roswell Hospital Corporation
147. Ruston Hospital Corporation
148. Ruston Louisiana Hospital Company, LLC
149. SACMC, LLC
150. Salem Hospital Corporation
151. San Angelo Community Medical Center, LLC
152. San Angelo Medical, LLC
153. San Miguel Hospital Corporation
154. Scranton Holdings, LLC
155. Scranton Hospital Company, LLC
156. Scranton Quincy Holdings, LLC
157. Scranton Quincy Hospital Company, LLC
158. Shelbyville Hospital Corporation
159. Siloam Springs Arkansas Hospital Company, LLC
160. Siloam Springs Holdings, LLC
161. Southern Texas Medical Center, LLC
162. Spokane Valley Washington Hospital Company, LLC
163. Spokane Washington Hospital Company, LLC
164. Tennyson Holdings, LLC
165. Tooele Hospital Corporation
166. Tomball Texas Holdings, LLC
167. Tomball Texas Hospital Company, LLC
168. Triad Healthcare Corporation
169. Triad Holdings III, LLC
170. Triad Holdings IV, LLC
171. Triad Holdings V, LLC
172. Triad Nevada Holdings, LLC
173. Triad of Alabama, LLC
174. Triad of Oregon, LLC

175. Triad-ARMC, LLC
176. Triad-El Dorado, Inc.
177. Triad-Navarro Regional Hospital Subsidiary, LLC
178. Tunkhannock Hospital Company, LLC
179. VHC Medical, LLC
180. Vicksburg Healthcare, LLC
181. Victoria Hospital, LLC
182. Victoria of Texas, L.P.
183. Virginia Hospital Company, LLC
184. Warren Ohio Hospital Company, LLC
185. Warren Ohio Rehab Hospital Company, LLC
186. Watsonville Hospital Corporation
187. Waukegan Hospital Corporation
188. Waukegan Illinois Hospital Company, LLC
189. Weatherford Hospital Corporation
190. Weatherford Texas Hospital Company, LLC
191. Webb Hospital Corporation
192. Webb Hospital Holdings, LLC
193. Wesley Health System LLC
194. West Grove Hospital Company, LLC
195. WHMC, LLC
196. Wilkes-Barre Behavioral Hospital Company, LLC
197. Wilkes-Barre Holdings, LLC
198. Wilkes-Barre Hospital Company, LLC
199. Williamston Hospital Corporation
200. Women & Children's Hospital, LLC
201. Woodland Heights Medical Center, LLC
202. Woodward Health System, LLC
203. York Pennsylvania Holdings, LLC
204. York Pennsylvania Hospital Company, LLC
205. Youngstown Ohio Hospital Company, LLC
206. Amory HMA, LLC
207. Bartow HMA, LLC
208. Biloxi H.M.A., LLC
209. Brandon HMA, LLC
210. Brevard HMA Holdings, LLC
211. Brevard HMA Hospitals, LLC
212. Campbell County HMA, LLC
213. Carlisle HMA, LLC
214. Carolinas JV Holdings General, LLC
215. Carolinas JV Holdings, L.P.
216. Central Florida HMA Holdings, LLC
217. Central States HMA Holdings, LLC
218. Chester HMA, LLC

219. Citrus HMA, LLC
220. Clarksdale HMA, LLC
221. Cocke County HMA, LLC
222. Florida HMA Holdings, LLC
223. Fort Smith HMA, LLC
224. Hamlet H.M.A., LLC
225. Health Management Associates, Inc.
226. Health Management Associates, LP
227. Health Management General Partner, LLC
228. HMA Fentress County General Hospital, LLC
229. HMA Hospitals Holdings, LP
230. HMA Santa Rosa Medical Center, LLC
231. Hospital Management Associates, LLC
232. Jackson HMA, LLC
233. Jefferson County HMA, LLC
234. Kennett HMA, LLC
235. Key West HMA, LLC
236. Knoxville HMA Holdings, LLC
237. Lehigh HMA, LLC
238. Lone Star HMA, L.P.
239. Madison HMA, LLC
240. Melbourne HMA, LLC
241. Mesquite HMA General, LLC
242. Metro Knoxville HMA, LLC
243. Mississippi HMA Holdings I, LLC
244. Mississippi HMA Holdings II, LLC
245. Monroe HMA, LLC
246. Naples HMA, LLC
247. Poplar Bluff Regional Medical Center, LLC
248. Port Charlotte HMA, LLC
249. Punta Gorda HMA, LLC
250. River Oaks Hospital, LLC
251. Rockledge HMA, LLC
252. ROH, LLC
253. Sebastian Hospital, LLC
254. Sebring Hospital Management Associates, LL
255. Southeast HMA Holdings, LLC
256. Southwest Florida HMA Holdings, LLC
257. Statesville HMA, LLC
258. VAN BUREN H.M.A., LLC
259. Venice HMA, LLC
260. Winder HMA, LLC
261. Yakima HMA, LLC

EXHIBIT B-3

Opinion Firms

Opinion Firms

Jurisdiction	Law Firm
Alabama, Mississippi, North Carolina and Tennessee	Bradley Arant Boult Cummings LLP
Arkansas	Kutak Rock LLP
Georgia	King and Spalding LLP
Kentucky, Ohio and Indiana	Bingham Greenebaum Doll LLP
Oklahoma	McAfee & Taft
Pennsylvania New Jersey Utah	Ballard Spahr LLP
South Carolina	Parker Poe Adams & Bernstein LLP
Texas	Liechty & McGinnis LLP
Arizona	Snell & Wilmer L.L.P.
New Mexico	Montgomery & Andrews
Nevada	Lionel Sawyer & Collins
Virginia	Hancock, Daniel, Johnson & Nagle, P.C.
West Virginia	Steptoe & Johnson LLP
Wyoming	Crowley Fleck PLLP
Washington	Witherspoon Kelley
Florida	Fowler White Boggs P.A.
Missouri	Husch Blackwell LLP

CONFIDENTIAL

EXHIBIT C

Form of Solvency Certificate

Date: _____, 2014

To the Administrative Agent and each of the Lenders party to the Third Restatement Agreement or to the Third Restated Credit Agreement referred to below:

I, the undersigned, the Chief Financial Officer of COMMUNITY HEALTH SYSTEMS, INC., (the "***Parent***"), in that capacity only and not in my individual capacity (and without personal liability), do hereby certify as of the date hereof, and based upon facts and circumstances as they exist as of the date hereof (and disclaiming any responsibility for changes in such facts and circumstances after the date hereof), that:

1. This certificate is furnished to the Administrative Agent and the Lenders pursuant to Section 5(e) of the Third Amendment and Restatement Agreement (the "***Third Restatement Agreement***") dated as of January 27, 2014, to the Credit Agreement dated as of July 25, 2007, as amended and restated as of November 5, 2010 and February 2, 2012, among CHS/Community Health Systems, Inc., Parent, the Subsidiary Guarantors party thereto, the Lenders party thereto and Credit Suisse AG, as Administrative Agent and Collateral Agent. (such Credit Agreement as amended pursuant to the Third Restatement Agreement, and as the same may be amended, supplemented, amended and restated or otherwise modified from time to time, "***Third Restated Credit Agreement***"). Unless otherwise defined herein, capitalized terms used in this certificate shall have the meanings set forth in the Third Restated Credit Agreement.

2. For purposes of this certificate, the terms below shall have the following definitions:

(a) "Fair Value"

The amount at which the assets (both tangible and intangible), in their entirety, of Parent and its Subsidiaries taken as a whole would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, with neither being under any compulsion to act.

(b) "Present Fair Salable Value"

The amount that could be obtained by an independent willing seller from an independent willing buyer if the assets (both tangible and intangible) of Parent and its Subsidiaries taken as a whole are sold on a going concern basis with reasonable promptness in an arm's-length transaction under present conditions for the sale of comparable business enterprises insofar as such conditions can be reasonably evaluated.

(c) "Stated Liabilities"

The recorded liabilities (including contingent liabilities that would be recorded in accordance with GAAP) of Parent and its Subsidiaries taken as a whole, as of the date hereof

after giving effect to the consummation of the Permitted HMA Transaction and the other transactions to occur on the Third Restatement Effective Date (including the execution and delivery of the Third Restatement Agreement and the effectiveness of the Third Restated Credit Agreement, the making of the Loans to be made on the date hereof and the use of proceeds of such Loans on the date hereof (collectively, the "***Transactions***")), determined in accordance with GAAP consistently applied.

(d) "Identified Contingent Liabilities"

The maximum estimated amount of liabilities reasonably likely to result from pending litigation, asserted claims and assessments, guaranties, uninsured risks and other contingent liabilities of Parent and its Subsidiaries taken as a whole after giving effect to the Transactions (including the execution and delivery of the Third Restatement Agreement and the effectiveness of the Third Restated Credit Agreement, the making of the Loans to be made on the date hereof and the use of proceeds of such Loans on the date hereof) (including all fees and expenses related thereto but exclusive of such contingent liabilities to the extent reflected in Stated Liabilities), as identified and explained in terms of their nature and estimated magnitude by responsible officers of Parent.

(e) "Can pay their Stated Liabilities and Identified Contingent Liabilities as they mature"

Parent and its Subsidiaries taken as a whole after giving effect to the Transactions (including the execution and delivery of the Third Restatement Agreement and the effectiveness of the Third Restated Credit Agreement, the making of the Loans to be made on the date hereof and the use of proceeds of such Loans on the date hereof) have sufficient assets and cash flow to pay their respective Stated Liabilities and Identified Contingent Liabilities as those liabilities mature or (in the case of contingent liabilities) otherwise become payable.

(f) "Do not have Unreasonably Small Capital"

Parent and its Subsidiaries taken as a whole after giving effect to the Transactions (including the execution and delivery of the Third Restatement Agreement and the effectiveness of the Third Restated Credit Agreement, the making of the Loans to be made on the date hereof and the use of proceeds of such Loans on the date hereof) have sufficient capital to ensure that it is a going concern.

3. For purposes of this certificate, I, or officers of Parent under my direction and supervision, have performed the following procedures as of and for the periods set forth below.

(a) I have reviewed the financial statements (including the pro forma financial statements) referred to in Section 5(k) of the Third Restatement Agreement.

(b) I have knowledge of and have reviewed to my satisfaction each of the Third Restatement Agreement and the Third Restated Credit Agreement.

(c) As chief financial officer of Parent, I am familiar with the financial condition of Parent and its Subsidiaries.

4. Based on and subject to the foregoing, I hereby certify on behalf of Parent that after giving effect to the consummation of the Transactions (including the execution and delivery of the Third Restatement Agreement and the effectiveness of the Third Restated Credit Agreement, the making of the Loans to be made on the date hereof and the use of proceeds of such Loans on the date hereof), it is my opinion that (i) each of the Fair Value and the Present Fair Salable Value of the assets of Parent and its Subsidiaries taken as a whole exceed their Stated Liabilities and Identified Contingent Liabilities; (ii) Parent and its Subsidiaries taken as a whole do not have Unreasonably Small Capital; and (iii) Parent and its Subsidiaries taken as a whole can pay their Stated Liabilities and Identified Contingent Liabilities as they mature.

IN WITNESS WHEREOF, Parent has caused this certificate to be executed on its behalf by the Chief Financial Officer as of the date first written above.

COMMUNITY HEALTH SYSTEMS, INC.,

By: _____
Name:
Title: Chief Financial Officer

SCHEDULE IV

Replacement Revolving Credit Facility Commitments

SUPPLEMENTAL #2

August 29, 2014
7:44 am

Attachment 6

SUPPLEMENTAL #2

August 29, 2014
7:44 am

Thomas, Miller & Partners, PLLC
Architecture Interiors Planning Sustainable Design

5210 Maryland Way, Suite 200
Brentwood, Tennessee 37027-5065
615.377.9773
www.tmpartners.com

Date August 28, 2014

To Ms. Melanie Burgess
Vice President of Development, Tennova Healthcare
930 East Emerald Avenue, POB 8th Floor
Knoxville, Tennessee 37919

Project Replacement Facility – Physicians Regional Medical Center
Knoxville, Tennessee
TMP No. A04614

Subject Phased Facility Expansion

Dear Ms. Burgess:

The 107 acre site is in an excellent location and is absolutely suitable for building. However, like all sites, it does have topographical and other constraints that must be considered when planning the hospital. In developing the plan for the replacement hospital facility, consideration was given to geographical and topographical boundaries, consideration for neighboring homes, and creating a design that enables optimal efficiency of hospital operations. The design was created in order to meet the needs of the hospital, patients, and physicians both in the short term as well as for future years.

As noted in the previous letter, space is available for horizontal expansion, but that expansion area is planned to be reserved for growth of ancillary services. There is also land available for future medical office building development, and we feel that it is important to reserve the land for that use. Up to two additional floors could be added to the proposed facility for future expansion, if necessary, although vertical expansion is costly and disruptive, making it important that the hospital be constructed with future growth in mind.

Please let me know if any further information is required.

Sincerely,

Marc S. Rowland, AIA ACHA
Principal-in-Charge
Tennessee Certificate Number 21,347

Copy: A04614 gf

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SUPPLEMENTAL #2
August 29, 2014
7:44 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

NAME OF FACILITY: Metro Knoxville HMA, LLC, d/b/a Physicians Regional Medical Center

I, MELANIE B. BURGESS, 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.

Melanie B. Burgess / VP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of August, 2014, witness my hand at office in the County of Knox, State of Tennessee.

Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11, 2017.

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

HF-0043

Revised 7/02

SUPPLEMENTAL #2
August 29, 2014
7:44 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

NAME OF FACILITY: Metro Knoxville HMA, LLC, d/b/a Physicians Regional Medical Center

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Melanie B. Burgess / VP
Signature/Title

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Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11, 2017.

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

HF-0043

Revised 7/02

SUPPLEMENTAL #2
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AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

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HF-0043

Revised 7/02

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August 29, 2014
7:44 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

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Melanie B. Burgess / VP
Signature/Title

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Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11, 2017.

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

HF-0043

Revised 7/02

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

August 20, 2014

Melanie B. Burgess
Vice President of Development
Tennova Healthcare
930 Emerald Avenue, POB Suite 813
Knoxville, TN 37917

RE: Certificate of Need Application CN1408-033
Physician's Regional Medical Center

Dear Ms. Burgess:

This will acknowledge our August 13, 2014 receipt of your application for a Certificate of Need for the relocation and replacement of Physician Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County), TN 37917 to an unaddressed site located consisting of 110 acres located at the intersection of Middlebrook and Old Weisgarber Road, across from Dowell Springs Boulevard, Knoxville, TN. The project includes the construction and equipping of a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating / procedures rooms.

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 12:00 noon, Wednesday, August 27, 2014. 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. **Applicant Profile, Item 1**

   Please provide the proposed address rather than the current address of the applicant and resubmit a replacement page.

2. **Applicant Profile, Item 4**

   Please provide documentation from the Tennessee Secretary of State's web-site that the applicant is currently an active corporation. The web-site address is : **https://tnbear.tn.gov/Ecommerce/FilingDetail.aspx?CN=144237204094069140106033033030121027092089000220**

3. **Applicant Profile, Item 5, Management/Operating Entity**

   Please provide the ownership structure of the Management/Operating Entity Community Health Systems Professional Services.

4. **Applicant Profile, Item 6, Legal Interest in Site**

The Real Estate Purchase Agreement for a 107+ parcel of land is noted. However, please provide documentation of the applicant's interest in the site. Please provide documentation that Oak Leaf Capital Partners, LLC is an agent of the applicant.

5. **Section A, Applicant Profile, Item 13**

The applicant's contractual relationships with BlueCare, United Community Healthcare Plan and TennCare Select are noted. However, new TennCare contracts will take effect January 1, 2015 with full statewide implementation for AmeriGroup, BlueCare Tennessee and United Healthcare. Please indicate if the applicant intends to contract with AmeriGroup. If so, what stage of contract discussions is the applicant involved with AmeriGroup?

6. **Section B. I. Project Description**

Please indicate the location (building, floor, etc.) of the adult Psychiatric and Geriatric Psychiatric Services that will remain at the existing campus.

Please clarify if food, laundry, and environmental services will remain at the existing campus to provide services to the psychiatric services that will remain.

Please clarify if there will be a psychiatric emergency room and/or emergency room/urgent care center available at the existing campus. If not, how will psychiatric emergencies be handled?

How will patients who may have both a psychiatric and medical condition be treated at the existing facility if this project is approved? Will they need to be transferred to another facility that has both psychiatric and medical capabilities under one roof?

The applicant intends to replace two MRI units and one PET/CT unit. Please clarify if these will be new units. If not, please describe.

What does the applicant plan to do with the existing 2 MRI units that are planned to be replaced?

This appears to be the 1st Phase of the 107+ acre site. Please provide the proposed phases of development for the site.

It appears the Cardiology offices, outpatient surgery, and physician offices will remain at the existing site. Please clarify how a 9 mile distance to the new replacement hospital will enhance accessibility for both physicians and patients.

Is there space at the new site for physicians to locate if this project is approved?

The applicant states the hospital is currently conducting a comprehensive bed need analysis across 3 Knoxville campuses as part of a long range strategic plan. Please clarify why this study was not completed prior to the submission of this proposal.

Please describe the closest hospital to the proposed site of the applicant? Please include the distance, # beds, and occupancy.

Other than the applicant, please indicate the number of hospitals that are located in North Knoxville.

Please clarify if there is a creek on the property. If so, is any of the property on a flood plain?

Please clarify if the parcel of property contains a high pressure underground gas pipeline. If so, please discuss its location and other specific information.

Please verify that internal medicine, urology and surgery groups have moved their main offices from 900 E. Oak Hill Avenue to North Knoxville Medical Center in Powell, TN. If so, please discuss how many left and why.

Please discuss area home owners opposition (Friends of Middlebrook) to the proposed project and any meetings between the applicant and those homeowners. In your response please discuss if site plans have changed to accommodate resident's concerns.

Please discuss any dialogue with city and county officials in possibly using vacant space at the current site if this CON is approved.

Please clarify if 44 of the 107 acre parcel will remain zoned agriculture. If so, please discuss the plans for the 44 acres.

7. **Section B. II. A. (Project Description)**

A) Please provide the following information:

Inpatient Beds	Existing Rooms	Existing Beds	Proposed Beds
Private			
Semiprivate			
Ward			
Total			

Surgical Suite	Existing	Size (Sq. Ft.)	Proposed	Size (Sq. Ft.)
Operating Rooms				
Endo/Procedure Rooms				
Open Heart Surgery				
Surgery Prep and Recovery Areas				
Ambulatory Staging Stations				
PACU Stations				

Medical Imaging	Existing Rooms	Proposed Rooms
X-ray		
Fluoroscopy		
Ultrasound		
CT Scanner		
MRI Scanner		
Mammography		
Bone Density		
Nuclear Medicine Scanner		
General Radiology Rooms		
TOTAL		
Cardiac Cath Lab		

Emergency Department	Existing Stations	Proposed
Decontamination		
Fast Track Stations		
Exam/Treatment		
Security Hold		
Cardiac/Trauma		
Observation Stations		
Total		

ICU/CCU Department	Existing Stations	Proposed
ICU		
CCU		
Level IIB Nursery		
Total		

Obstetrics Department	Existing Stations	Proposed
Labor and Delivery Units		
C-Sections Rooms		
Total		

Building Name	Year Built/# Floors	Plan for building after project completion	Beds Major Services	Approx. sq. ft.	Location of services after project completion
Main Bldg.	1930		Administrative Offices		
East Wing	1940		Office-HR, Finance, Support, Svcs, Chapel		
West Wing	1946		Med/Surg units/wound care/ MRII and CT		
St. Joseph's/North Wing	1948/1656		Food Services/Offices		
McAuley Hall	1952		Engineering/Plant OPs		
Marian Wing	1958		LTAC/Med/Surg Units		
Annunciation Wing	1966		ED/IP Rehab Gym /Lab/Imaging/SNF		
Magdalen Clark Tower	1972		Admin/Med Surg Units/Psych/ MD Offices		
Central Wing	1980		ICU/CCU/Surgery		
Professional Office Building	1980		Physician Offices		
Women's Pavilion	1989		OB/Nursery/NICU		
Central Wing Annex	1999		Cardiology Offices		
Outpatient Surgery Bldg.	1999		Outpatient Surgery		
Total				Sq. Ft.	

8. **Section C. NEED. (Specific Criteria: Construction, Renovation...) Question 2.a. and 2.b.**

   The applicant estimates a 5 year capital investment of $262 million would be required to stay in the current facility. Please discuss the methodology of this study and what organization conducted the study.

   The applicant states a factor in PRMC's decline in volume is a result of changing leadership. Please clarify.

9. **Section C. NEED. Question 5**

   The applicant provided 174,951 outpatient visits in 2012. What are the projected outpatient visits for PRMC in Year One and Year Two of the proposed project?

   PRMC experienced a decrease of almost 15% in deliveries in the Obstetrics program from 1,722 in 2010 to 1,466 in 2012. In addition, Tennova Turkey Creek Medical Center's deliveries decreased almost 52% from 693 in 2010 to 333 in 2012

while the whole service area experienced a 2% in increase in deliveries. With this in mind, please clarify the reasons Tennova is experiencing significant declines in deliveries while the service area is experiencing an increase.

The service area major equipment utilization table on page 39 is noted. Please add a column that indicates the number of MRI's and PET/CT per provider. This will provide the number of procedures per equipment.

The 2 tables on page 41 of the applicant are noted. However, please add an additional column that reflects the % change from 2010 to 2012 for each table.

The applicant states North Knoxville Medical Center may request a one year extension to add a 2nd linear accelerator. Please indicate the CON expiration date and when this request will occur.

10. Section C. NEED. Question 6 (Applicant Utilization)

The historic utilization appears to be declining. In order to shed more light on the applicant's rationale, please provide the following utilization by services as indicated in the following table:

Department	2007	2008	2009	2010	2011	2012	2013	2018 Year 1	2019 Year 2
Medical/Surgical (Beds)									
Admissions									
Average Daily Census									
ALOS									
Occupancy with observation days									
Occupancy without observation days included									
Obstetrical beds (including GYN)									
Admissions									
Average Daily Census									
ALOS									
Occupancy with observation days									
Occupancy without observation days included									
ICU/CCU (Beds)									
Admissions									
Average Daily Census									
ALOS									
Occupancy									
Neonatal									
Admissions									
Average Daily Census									
ALOS									
Occupancy									
Inpatient Rehabilitation									

Admissions									
Average Daily Census									
ALOS									
Occupancy									
Psych Inpatient (Beds)									
Admissions									
Average Daily Census									
ALOS									
Occupancy									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2018 Year 1**	**2019 Year 2**
Total Hospital (PRMC)									
Admissions									
Average Daily Census									
ALOS									
Occupancy									

Footnote: Please provide growth assumptions with rationale

Surgeries: The historic utilization and projected utilization

Department	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014 Year 1**	**2015 Year 2**
Surgical Suite (Cases)									
Inpatient Surgeries									
Outpatient Surgeries									
Total									

Footnote: Please provide growth assumptions with rationale

Medical Imaging: The historic utilization and projected utilization

Department	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2018 Year 1**	**2019 Year 2**
X-ray									
Fluoroscopy									
Ultrasound									
CT Scanner									
MRI Scanner									
Mammography									
Bone Density									
Nuclear Medicine Scanner									
TOTAL									

Footnote: Please provide growth assumptions with rationale

Emergency Department: What annual visit volume is the proposed Emergency Department programmed to accommodate?

Please complete the following table:

Emergency Department	2007	2008	2009	2010	2011	2012	2013	2018 Year 1	2019 Year 2
Walk-in/ fast track cases									
Urgent cases									
Emergent cases									
Total Visits									

Footnote: Please provide growth assumptions with rationale.

Outpatient Visits: Please break out the appropriate outpatient categories which the applicant included as outpatient visits in the original application submittal.

Outpatient Visits	2007	2008	2009	2010	2011	2012	2013	2018 Year 1	2019 Year 2
Respiratory									
Cardiac									
Cardiac Rehab									
Lab									
Etc.									
TOTAL									

Footnote: Please provide growth assumptions with rationale.

Medical Staff: Please provide the type and number of medical staff members by specialty that have had active staff privileges (and are admitting patients and ordering outpatient procedures). For future years, please reflect the applicant's plans for recruitment of active medical staff members.

Medical Staff	2007	2008	2009	2010	2011	2012	2013	2018 Year 1	2019 Year 2
Pediatric									
General/Family Practice									
Internal Medicine									
Cardiology									
Gastroenterology									
Other Medical Specialties (Specify)									
General Surgery									

Orthopedic Surgery									
Other Surgical Specialties (Specify)									
Psychiatry									
TOTAL									

11. Section C. Economic Feasibility Item 1 (Project Cost Chart)

The architect's letter is noted. However, please provide documentation from a licensed architect or construction professional that includes the following:

1) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and
2) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the new 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

There appears to be a slight calculation error in the Project Cost Chart. Please verify and resubmit.

Your response is noted. Please breakout the listing of moveable medical equipment in the Project Costs Chart which will cost more than $50,000.

12. Section C, Economic Feasibility, Item 2 and Item 10

It is noted the applicant plans to fund the proposed $303,545,204 project with cash reserves. However, Community Health Systems Consolidated Balance Sheet ending December 31, 2013 reflects $373,403,000 in cash and cash equivalents, a total of $3,747,963,000 in current assets and $2,457,483,000 in current liabilities resulting in a current ratio of 1.52:1. Please discuss the availability of cash to fund operations of Community Health Systems while 81.2% of available cash will be devoted to this proposed project.

Please discuss how the recent Medicare settlement of $98,000,000 to resolve allegations CHS overbilled Medicare and Medicaid will impact the financial viability and cash flow of CHS and the funding of this project.

It is reported Community Health Services recently was the victim in the cyber theft of personal patient data belonging to 4.5 million patients. Please clarify if this theft will have a material adverse effect on CHS financial results.

13. Section C, Economic Feasibility, Item 3

The costs per square foot of construction compared to similar projects recently approved is noted. What year is the applicant basing the comparison?

14. Section C. (Economic Feasibility) Question 4 (Historical Data Chart)

Please clarify the reason charity care increased from $23,579,000 in 2011 to $42,471,000 in 2013.

Please clarify the reason taxes increased from $4,404,000 in 2011 to $17,633,000 in 2013.

Why did management fees decrease from $40,275,000 in 2011 to $12,117,000 in 2013?

Under other expenses on page 50, why did outside services expense increase from $2,073,000 in 2011 to $16,544,000 in 2013?

What included is included in the category "all other miscellaneous expenses" totaling $33,732,000 in 2011? Also, why did this category decrease from $33,732,000 in 2011 to $1,748,000 in 2013?

15. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

Please provide utilization data (unit of measure) for inpatient services, outpatient services, and emergency services and resubmit the Projected Data Chart.

Why are there no management fees in the Projected Data Chart, but they are located in the Historical Data Chart? If needed, please include management fees in the Projected Data Chart and resubmit.

Please clarify where education, dues, and subscription expenses are located in the Projected Data Chart.

16. Section C. (Economic Feasibility) Question 9

Please verify the amount calculated of $736,763,000 that represents 56% Medicare/Managed Care. It appears the total is $736,033,760.

The participation is state and federal programs are noted. Please clarify if the Medicare/Managed Care and TennCare/Medicaid payor mix will change as a result of the proposed relocation. If so, by what percentage?

17. Section C. (Economic Feasibility) Question 11

The choice to not expand Turkey Creek Medical Center and North Knoxville Medical Center is noted. However, the combined average daily census of Tennova's three inpatient facilities was 292.3 out of 611 licensed beds in 2012. Currently, 209 of the applicant's 610 licensed beds are located at North Knoxville Medical Center and Turkey Creek Medical Center. At current

occupancy rates a total of 350 beds would be needed to maintain an occupancy rate of 80% at all three Tennova sites. With this example, the applicant would need 141 beds at the new proposed facility rather than the 272 requested. Please discuss if the applicant has considered building a facility in phases starting with 150 beds. The proposed site could be planned in a way to expand easily in the future to meet increased demand.

Please complete the following table indicating the date the applicant expects the following facilities will meet occupancy benchmarks in the future.

Licensed Bed Occupancy	PRMC	Tennova-North Knoxville	Turkey Creek Medical Center
	Date	**Date**	**Date**
40%			
50%			
60%			
70%			
80%			
90%			

18. Section C. (Contribution to Orderly Development) Question 2.

The applicant states the proposed project will have no impact on existing providers. Since the applicant is moving 9 miles toward a higher growth area how can this project not have an impact on existing providers?

What impact will this proposal have on Tennova's Turkey Creek location which has an occupancy rate of 45.7% in 2012?

19. Section C. (Contribution to Orderly Development) Question 3. (Current and Proposed Staffing)

Please provide both the current and proposed staffing levels as requested by the application. Please provide a revised table that includes projected staffing for employees (Registered Nurses, Licensed Practical and Vocational Nurses, Surgical Techs, Radiological Techs, **etc.**) providing direct patient care only.

20. Section C. (Contribution to Orderly Development) Question 7 (d.)

Please submit a copy of the most recent Joint Commission Survey referenced in the application.

Please clarify if any of the most recent inspections included deficiencies in the physical plant of the applicant.

21. Section C. (Contribution to Orderly Development) Question 8

The applicant did not report a recent $98 million dollar Medicare settlement. Please provide details of the allegations and terms of the settlement. In your response, please clarify if Physician's Regional Medical Center was included in the settlement.

22. Project Completion Chart

The applicant projects the final project report form to be filed in June 2018. Does the applicant plan to request an extension past a 3 year certificate of need time frame?

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." 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 October 17, 2014. 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. ɔ 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 M. Earhart
Health Services Development Examiner

PME

Enclosure

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

August 28, 2014

Melanie B. Burgess
Vice President of Development
Tennova Healthcare
930 Emerald Avenue, POB Suite 813
Knoxville, TN 37917

RE: Certificate of Need Application CN1408-033
Physician's Regional Medical Center

Dear Ms. Burgess:

This will acknowledge our August 27, 2014 receipt of your supplemental response for an application for a Certificate of Need for the relocation and replacement of Physician Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County), TN 37917 to an unaddressed site located consisting of 110 acres located at the intersection of Middlebrook and Old Weisgarber Road, across from Dowell Springs Boulevard, Knoxville, TN. The project includes the construction and equipping of a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating / procedures rooms.

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 12:00 noon, Friday, August 29, 2014. 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. I. Project Description**

   The applicant states 91 beds currently licensed at PRMC may be retained in an inactive status, be relocated to other facilities, or be de-licensed. However, the licensed occupancy rates of the applicant's hospitals in Knox County in 2012 are as follows: Physician's Regional Medical Center-51.2%, Turkey Creek Medical Center-45.7%, and North Knoxville Medical Center-37.9%. When the surplus of licensed beds in Knox County is added in the equation, does it not appear the only option would be to de-license the 91 beds and reduce acute care bed surplus in Knox County? Please clarify.

2. **Section C. NEED. Question 5**

   The 2 revised tables on page 41 of the application are noted. However, please add an additional column that reflects the % change from 2010 to 2012 for each table as requested in supplemental #1. .

3. **Section C. NEED. Question 6 (Applicant Utilization)**

The historic utilization of PRMC is noted. However the following table that was completed in supplemental #1 appears to not match the utilization reported by the applicant in the 2010-2012 Joint annual Report. Please revise the following table to reflect the PRMC 2010-2012 Joint Annual Report data.

	2010	2011	2012	2018 Year 1	2019 Year 2
Total Hospital (PRMC)					
Admissions					
Average Daily Census					
ALOS					
Occupancy					
Occupancy without observation days included					

4. **Section C, Economic Feasibility, Item 2 and Item 10**

The applicant notes a $700,000,000 Revolving Line of Credit is available in the event cash on hand does not cover the entire cost of the project. Please provide documentation from a lending institution that identifies the availability of a revolving line of credit that will cover project costs. Please also include the expected interest rate, term of the loan, and any anticipated restrictions or conditions.

5. **Section C. (Economic Feasibility) Question 4 (Projected Data Chart)**

The applicant states methods of accounting have changed and management fees are accounted "below the line". Please clarify the term "below the line". Does this mean PRMC will be provided management services but will not be charged for those services? If so, where is this expense allocated?

6. **Section C. (Economic Feasibility) Question 11**

The response of considering building a facility in phases starting with 150 beds is noted. However, the letter dated August 25, 2014 from the Architectural firm, Thomas, Miller & Partners, PLLC, states "although the facility could be expanded in the future, the expansion would be costly and disruptive, and would not be an ideal scenario. We believe that the site constraints, such as the creek, agriculture zoning, and neighborhood concerns, have dictated this solution, and believe that horizontal expansion would be an even less desirable option". Please clarify how many additional vertical floors could be added to this proposed facility for future expansion. Also, is this site the most desirable location when the architect states "the site buildable area is somewhat limited"? With limited site buildable area, please explain how the proposed site is an improvement over the current site.

7. Affidavit

A signed and notarized affidavit must be submitted with each filing of supplemental information. An affidavit was not included with the previous supplemental request. Please submit a completed affidavit for the first supplemental submission and one for this supplemental request.

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." 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 October 17, 2014. 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.

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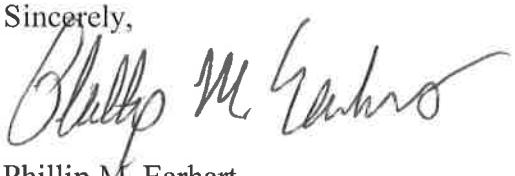
Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,



Phillip M. Earhart
Health Services Development Examiner

PME

Enclosure

COPY-
Additional Info.
SUPPLEMENTAL-2

Tennova Healthcare
CN1408-033

SUPPLEMENTAL

August 28, 2014

Mark Farber
Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th floor
Nashville, TN 37243

Re: Additional Information re: 2nd Request for Supplemental Information, CN1408-033

Dear Mr. Farber:

This letter transmits additional information related to our response to your request for supplemental information to our recent Certificate of Need application. The signed and notarized affidavit is also enclosed.

I am the contact person for this project. Please advise me of any additional information you may need. We appreciate your consideration of the responses submitted.

Sincerely,

Melanie B. Burgess
Vice President of Development

SUPPLEMENTAL

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

NAME OF FACILITY: Metro Knoxville HMA, LLC, d/b/a Physicians Regional Medical Center

I, MELANIE B. BURGESS, 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.

Melanie B. Burgess / VP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of August, 2014, witness my hand at office in the County of Knox, State of Tennessee.

Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11, 2017.

HF-0043

Revised 7/02

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

SUPPLEMENTAL

CREDIT SUISSE

Error! No text of specified style in document.
Eleven Madison Avenue Phone 212 325 2000
New York, NY 10010-3629
www.credit-suisse.com

August 28, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson State Office Building
Nashville, TN 37243

RE: Credit Worthiness
Certificate of Need Application CN1408-034
Tennova Healthcare Nursing Home

Dear Sir:
Pursuant to your request and according to the terms of Amended and Restated Credit Agreement dated January 27, 2014 among CHS/Community Health Systems Inc. and Credit Suisse AG, as Administrative Agent and Collateral Agent, this will confirm that, as of the date of this letter, CHS/Community Health Systems, Inc. has funds available under a 1 Billion Revolving Credit Agreement with terms as follows:

Available Amount:	$740,000,000
Revolver Maturity Date:	January 27, 2019
Current Projected Interest Rate:	4.75% Prime + Margin (Same Day Borrowing)
	2.74% LIBOR + Margin (3 Day Notice Borrowing)

No Restrictions currently exist.
Regards,

Ramish Alman
Managing Director Authorized Signatory

Cc: Anita H Passarella
Director Cash Management, Community Health Systems Inc.

Clarifying Information

Original

TENNOVA Physicians Regional Medical Center Hospital

CN14508-033

Clarifying Info
September 2. 2014
9:41 am

August 28, 2014

Mark Farber
Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th floor
Nashville, TN 37243

Re: Additional Information re: 2nd Request for Supplemental Information, CN1408-033

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Sincerely,

Melanie B. Burgess
Vice President of Development

Clarifying Info
September 2. 2014
9:41 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Knox

NAME OF FACILITY: Metro Knoxville HMA, LLC, d/b/a Physicians Regional Medical Center

I, MELANIE B. BURGESS, 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.

Melanie B. Burgess / VP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of August, 2014, witness my hand at office in the County of Knox, State of Tennessee.

Linda R. Cooper
NOTARY PUBLIC

My commission expires Sept. 11, 2017.

HF-0043

Revised 7/02

LINDA R. COOPER
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

Clarifying Info
September 2. 2014
HSDA

CREDIT SUISSE

Error! No text of specified style in document.
Eleven Madison Avenue
New York, NY 10010-3629
Phone 212 325 2000
www.credit-suisse.com

August 28, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson State Office Building
Nashville, TN 37243

RE: Credit Worthiness
Certificate of Need Application CN1408-034
Tennova Healthcare Nursing Home

Dear Sir:
Pursuant to your request and according to the terms of Amended and Restated Credit Agreement dated January 27, 2014 among CHS/Community Health Systems Inc. and Credit Suisse AG, as Administrative Agent and Collateral Agent, this will confirm that, as of the date of this letter, CHS/Community Health Systems, Inc. has funds available under a 1 Billion Revolving Credit Agreement with terms as follows:

Available Amount:	$740,000,000
Revolver Maturity Date:	January 27, 2019
Current Projected Interest Rate:	4.75% Prime + Margin (Same Day Borrowing)
	2.74% LIBOR + Margin (3 Day Notice Borrowing)

No Restrictions currently exist.
Regards,

Ramish Aiman
Credit Suisse Authorized Signatory

Cc: Anita H Passarella
Director Cash Management, Community Health Systems Inc.

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

September 1, 2014

Melanie Burgess, Vice President of Development
Tennova Healthcare
930 Emerald Ave., POB Suite 813
Knoxville, TN 37917

RE: Certificate of Need Application -- Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center - CN1408-033

Dear Ms. Burgess:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the replacement and relocation of the 272 bed Physicians Regional Medical Center from 900 E. Oak Hill Avenue, Knoxville (Knox County), to a site at the intersection of Middlebrook Pike and Old Weisgarber Road across from Dowell Springs Boulevard, Knoxville (Knox County), a distance of approximately nine (9) miles from the current facility. Project cost is $303,545,204.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on September 1, 2014. The first sixty (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 sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on November 19, 2014.

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

MMH:mab

cc: Trent Sansing, CON Director, Division of Health Statistics

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: September 1, 2014

RE: Certificate of Need Application
Metro Knoxville HMA, LLC d/b/a Tennova Healthcare-Physicians Regional Medical Center - CN1408-033

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 September 1, 2014 and end on November 1, 2014.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:mab

Enclosure

cc: Melanie Burgess, Vice President of Development

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the **Knoxville News Sentinel** which is a newspaper
(Name of Newspaper)
of general circulation in **Knox County**, Tennessee, on or before **August 8, 2014**, for one day.
(County) (Month / day)(Year)

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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: **Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare – Physicians Regional Medical Center, Hospital**
(Name of Applicant) (Facility Type-Existing)

owned by: **Knoxville HMA Holdings, LLC,** with an ownership type of **Limited Liability Company** and to be managed by: **Community Health Systems Professional Services Corporation** intends to file an application for a Certificate of Need

for: **a replacement hospital for Physicians Regional Medical Center, currently located at 900 E. Oak Hill Avenue, Knoxville, TN 37917. The site of the proposed replacement hospital is a currently unaddressed site consisting of 110 acres located at the intersection of Middlebrook Pike and Old Weisgarber Road, across from Dowell Springs Boulevard in Knoxville. The project includes constructing and equipping a 556,083 square foot replacement hospital consisting of 272 beds and 24 operating/procedure rooms. Designated health services that will be relocated are acute care services, obstetrical services, critical care services, Level IIB neonatal nursery services, cardiac catheterization services, extra-corporeal shock wave lithotripsy services, open heart surgery, inpatient rehabilitation services, and radiation therapy services. Major medical equipment that will be relocated includes one (1) Positron Emission Tomography unit, one (1) linear accelerator, and two (2) magnetic resonance imaging (MRI) units. No new beds or new healthcare services are proposed in this project. The anticipated total cost of the project is $303,545,204.**

The anticipated date of filing the application is: **August 13, 2014**

The contact person for this project is **Melanie Burgess** (Contact Name) **Asst. Vice President** (Title)

who may be reached at: **Tennova Healthcare – Physicians Regional Medical Center** (Company Name)
930 Emerald Ave., POB Suite 813 (Address)

Knoxville (City) **Tennessee** (State) **37919** (Zip Code) **865 / 647-5604** (Area Code / Phone Number)

(Signature) **August 7, 2014** (Date) **melanie.burgess@hma.com** (E-mail Address)

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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
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

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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.

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