Original Application

(Original)

Campbell Clinic Surgery Center

CN1712-038

DSG Development Support Group

DEC 14 '17 AM 1:37

December 13, 2017

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application Submittal
Change of Site for CN 1208-040, Campbell Clinic Surgery Center
Germantown, Shelby County

Dear Mrs. Hill:

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

The applicant requests consent calendar review.

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

Respectfully,

John Wellborn

John Wellborn
Consultant

4219 Hillsboro Road, Suite 203
Nashville, TN 37215

jwdsg@comcast.net

Tel 615.665.2022
Fax 615.665.2042

DEC 14 '17 AM 11:32

CAMPBELL CLINIC SURGERY CENTER

CERTIFICATE OF NEED APPLICATION FOR A CHANGE OF SITE FOR APPROVED APPLICATION CN1208-040A

MEMPHIS, SHELBY COUNTY

Filed December 2017

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Campbell Clinic Surgery Center	
Name	
Unaddressed site on the south side of Wolf River Boulevard, 525 feet east of its intersection with Germantown Road.	Shelby
Street or Route	*County*

Germantown	TN	38138
City	*State*	*Zip Code*

www.campbellclinic.com
Website Address

2. Contact Person Available for Responses to Questions

John Wellborn	Consultant
Name	*Title*
Development Support Group	jwdsg@comcast.net
Company Name	*E-Mail Address*

4219 Hillsboro Road, Suite 210	Nashville	TN	37215
Street or Route	*City*	*State*	*Zip Code*

CON Consultant	615-665-2022	615-665-2042
Association With Owner	*Phone Number*	*Fax Number*

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures. Please answer all questions on 8.5" X 11" white paper, clearly typed and spaced, single-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed and signed notarized affidavit.

3. EXECUTIVE SUMMARY

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

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

The applicant, Campbell Clinic Surgery Center ("CCSC"), is the private practice ambulatory surgery center of the Campbell Clinic. The Surgery Center is located at 1410 Brierbrook Road in Germantown, Shelby County, on property of the Campbell Clinic, adjacent to the Clinic's office building. The facility's scope is limited to the practice's orthopaedic and pain management cases.

In November, 2012, the Campbell Clinic Surgery Center was granted CN1208-040 to expand from four operating rooms and one procedure room to eight operating rooms and two procedure rooms. This would increase the size of the CCSC from 12,232 SF to 33,168 SF.

In the year after the CON was granted, the practice's planning program for its entire campus (physician offices, diagnostic and ancillary services, and Surgery Center together) concluded that near- and long-term physician recruitment would require significantly more office space, at the same time that the surgery center's capacity and other issues needed to be addressed.

It was determined that (a) a new and larger medical office building should be developed on the campus, to house both the majority of practice physicians and the Surgery Center, and that (b) the Surgery Center building should be re-purposed into practice-related office space. A new MOB and campus plan would require a lengthy zoning and site plan review and approval process with the City of Germantown, during which time CN1208-040 would have to be delayed and extended. The HSDA Board has supported the practice in this plan by extending the implementation deadline of CN1208-040 until this current application could be filed. The MOB plan has now been approved by the City of Germantown. The plan provides for construction of a four-story MOB on with an address on Wolf River Boulevard, Germantown, TN 38138, on land owned by the Campbell Clinic, adjacent to the existing surgery center building.

This change of site CON application requests approval to relocate the CCSC to the fourth floor of the new MOB, with no change in the surgical rooms already approved by the HSDA in November 2012: eight (8) operating rooms and two (2) procedure rooms, with two (2) of the 8 OR's not made operational until needed. Below is a comparison of this project to the CON granted in 2012.

Table Section A-3A(1): Proposed Changes in Clinical Areas

Type of Space	Currently	CN1208-040A	This Project
Nursing Stations	1	3	4
Pre-Op / Post-Op Recovery Stations	15	37	12 / 26
Operating Rooms--(Class C)	4 (400 SF ea)	8 (400 SF ea)	8 (544-633 SF)
Procedure Rooms (Class A)	1 (200 SF ea)	2 (200 SF ea)	2 (243 SF ea)
Physician Consulting Rooms	1	2	2
Total Square Feet of Facility (Usable)	12,232 SF	33,168 SF	32,000 SF

The CCSC is open from 5 AM to 7 PM weekdays, and schedules surgical case start times without interruption from 7 AM to 3 PM. No change in hours of operation is proposed. If approved in February of CY2018, this project will be completed late in CY2019. Its first full calendar year of operation will be CY2020.

(2) Ownership Structure

The ASTC licensee and CON applicant is Campbell Clinic Surgery Center, LLC, which is wholly owned by the Campbell Clinic, P.C.. The Campbell Clinic, P.C. currently is owned by 47 physician shareholders, none of whom owns 5% or more of the professional corporation. The Clinic P.C. is comprised of 42 orthopaedists and 5 physiatrists.

The Campbell Clinic has been a State, national and international leader in orthopaedics since 1910. The Clinic established both the Department of Orthopaedic Surgery and the Orthopaedic Residency program at UT College of Medicine at Memphis, and all Campbell Clinic surgeons hold faculty appointments in the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery and work closely with UT research programs.

(3) Service area

The CCSC is a private practice surgical facility restricted to patients of the Campbell Clinic, so the two organizations have identical service areas. In 2016, the CCSC served patients from more than a hundred counties in Tennessee, Mississippi, Arkansas and other States. Its primary service area consisted of Shelby, Tipton and Fayette Counties in Tennessee; DeSoto County in adjoining Mississippi; and Crittenden County in adjoining Arkansas. These five counties together contributed 80.4% of total referrals. No other counties contributed 1.5% or more of total referrals. This primary service area has remained consistent for years and is not projected to change in the near future.

(4) Existing similar service providers

In the project's primary service area, there are twelve ambulatory surgery centers that report performing orthopaedic and/or pain management cases.

(5) Project cost

The estimated project cost as calculated under CON rules is $21,485,200, which includes the market value of the leased space. The Surgery Center will lease finished (built-to-suit) surgery center space in the new MOB.

(6) Funding

The capital cost of implementing both the MOB and the ASC relocation can be fully financed by loan funding from First Tennessee Bank, as projected in the prior CON application.

(7) Financial feasibility, including when the proposal will realize a positive financial margin; and

The CCSC currently operates with a positive margin. It is projected to continue to do so after relocation to the new MOB.

(8) Staffing

In its first year of operation, the CCSC will require the addition of 32 new FTE's, of which 27 will be clinical, including 22 RN's and 5 surgical technologists.

B. Rationale for Approval

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

(1) Need

This relocation project will replace a similar, but unimplemented, surgery center expansion project that received CON approval in 2012. The need for additional surgical room capacity is still strong, and based on industry experts, is expected to grow at increasing rates over the next decade and beyond. The proposed surgery center relocation is a significant improvement over the expansion plan, in terms of the surgery center operation itself, and also in terms of the Campbell Clinic's best use of its entire campus. For example:

a. The development of a new campus building (the MOB) to co-locate both the CCSC and the majority of practice offices will reduce physician travel time between buildings and locations. Three of the four MOB floors will be dedicated to practice offices and to surgery.

b. The new floor plan is designed such that the pre- and post-operative stations can be "flexed" depending on patient volumes during the course of the day. For example, in the mornings when there are more patients arriving than recovering, it will be easier to use more stations for pre-op; and later in the day if there are relatively more patients recovering, more stations can be staffed for post-op recovery. In addition, this design provides four private hard-walled rooms for joint replacement cases needing 5-6 hours recovery time. This will free up other stations for shorter-recovery patients and avoid bottlenecks in the OR due to lack of a recovery bed when needed.

c. The new design provides more non-sterile space to minimize staff and patient traffic through sterile areas. This will ensure that the Surgery Center's very low cross-infection rates continue to remain as low as possible.

d. The expansion plan, which focused on adding surgical rooms and PACU stations around the outside of the current structure, was not able to address several other operational needs of the CCSC. The original plan would not permit centralization of equipment storage; it would not provide two separated entrance and exit areas for patients; and it would not provide the capability for Fellows, residents, visiting faculty, surgeons, students and others to observe real-time surgical procedures while communicating with the surgical team. The new design does provide those benefits, with the design of the operating rooms.

e. The Clinic has determined that its originally approved expansion plan for the CCSC would be too disruptive to the CCSC's operations because it would require a prolonged phased construction projection while cases were being performed.

f. The relocation plan will meet the continuing need for the additional surgical rooms approved in 2012. The CCSC's four operating rooms are now utilized at 105.6% of available minutes in an 8-hour workday, and at 98.2% of the State Health Plan's optimal utilization target for operating rooms. The current procedure room is utilized at 178.7% of the State Plan's case target, and at 75.1% of the available minutes.

g. The relocation project proposes the same surgical room complements that were approved in the 2012 CON application, because there is a continued need for them. Future increase in cases from the Campbell Clinic, and relocation of cases from the Midtown surgery center, will ensure that the relocated facility's Year Two operating room utilization in six rooms will be 123.4% of available minutes in an 8-hour workday, and at 102.8% of the State Health Plan's optimal utilization target for operating rooms. The two procedure rooms will be utilized at 205.1% of the State Health Plan optimal case guideline, and at 58.5% of available minutes. For the latter, however, this will still be more minutes than are available in just one procedure room.

In Year Six, with eight operating rooms in use, the OR suite will be at 95.5% of the State Health Plan's optimal case utilization standard and will use 114.7% of surgical minutes available in an 8-hour day.

(2) Economic Feasibility

This is an existing surgery center with strong positive cash flow and earnings. Its relocation to a larger setting with additional surgical capacity will allow it to continue to increase its caseloads and to strengthen its financial feasibility. The Projected Data Chart of the applicant documents this.

(3) Appropriate Quality Standards

The CCSC is licensed and is fully accredited. It maintains a strong quality assurance program and serves as a teaching and training facility for orthopaedic physicians, including residents, Fellows, and visiting surgeons from across the country. The project will enhance the ability of the facility to perform that role.

(4) Orderly Development of Adequate and Effective Health Care

The project complies with guidelines set forth in the State Health Plan, for expansion and relocation of an ambulatory surgical treatment center.

The project received approval of its scope in 2012, as an expansion of the applicant's surgery center at its current location. This initial plan has proven to be less desirable than a relocation into a new building.

This relocation proposal does not change the applicant's ownership and does not change its prior approved surgical room capacity.

The current application provides approximately the same total floor space as in the prior expansion plan.

The current application is not a significant change in location, being on a lot adjoining the facility's existing building. The replacement facility will be in a building located less than 100 feet from the existing ASTC, although the replacement facility fronts a different street and will have a different street address.

C. Consent Calendar Justification

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

The applicant is requesting expedited Consent Calendar review. The justification is:

1. The project's scope of service (private practice ASTC; orthopaedic and pain management cases only) and its proposed complement of surgical rooms (8 operating rooms; 2 procedure rooms) are identical to the project approved under CN1208-040A, which this project will replace. The only changes from the prior approved project are (a) a different street address, (b) a different proposed floor plan conforming to an entire floor of leased space in a four-floor MOB, and (c) a different project cost.

2. The change in project street address is not a significant change of location in terms of patient accessibility or service area. The proposed MOB site adjoins the premises of the existing surgery center building. On the MOB site, parking will be developed fronting Wolf River Boulevard; the MOB structure will be at the back of the site within 100 feet of the existing surgery center building.

3. The ownership of the applicant and the project are unchanged. The applicant Campbell Clinic Surgery Center, LLC is still 100% owned by the Campbell Clinic, P.C. The Campbell Clinic owns both the project site, and the existing surgery center building.

SECTION A (CONTINUED): PROJECT DETAILS

4.A. Owner of the Facility, Agency, or Institution

Campbell Clinic Surgery Center, LLC	901-759-3101
Name	*Phone Number*

1400 South Germantown Road	Shelby
Street or Route	*County*

Germantown	TN	38138
City	*State*	*Zip Code*

B. Type of Ownership or Control (Check One)

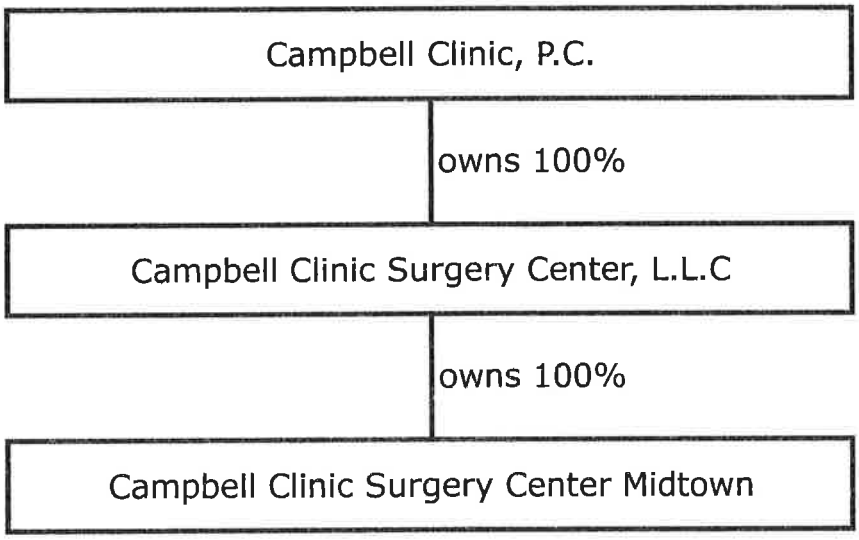
A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	x
D. Corporation (For-Profit)		I. Other (Specify):	
E. Corporation (Not-for-Profit)			

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the TN Secretary of State's website hpps://tnbear.tn.gov/Ecommerce/FilingSearch.aspx.

See Attachment Section A-4A.

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

The applicant is Campbell Clinic Surgery Center, LLC, which owns the licensed operation and leases its building from the Campbell Clinic, P.C. All of LLC's membership interests are owned by the practice, Campbell Clinic, P.C. The practice is currently owned by 47 physicians, none of whom owns 5% or more of it. The organization chart for these entities is on the following page.


Campbell Clinic, P.C.
owns 100%
Campbell Clinic Surgery Center, L.L.C
owns 100%
Campbell Clinic Surgery Center Midtown

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

Not applicable; the applicant surgery center is self-managed.

Name

Street or Route *County*

City *State* *Zip Code*

Website Address

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

Not applicable.

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

A. Ownership		D. Option to Lease	x
B. Option to Purchase		E. Other (Specify):	
C. Lease of ____ Years			

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

See Attachment Section A-6A.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site, on an 8.5" X 11 sheet of white paper, single-sided. Do not submit blueprints. Simple line drawings should be submitted and need not be drawn to scale.

(1) Plot Plan must include:

a. Size of site (in acres);
b. Location of structure on the site;
c. Location of the proposed construction/renovation; and
d. Names of streets, roads, or highways that cross or border the site.

See Attachment Section A-6B-1.

(2) Attach a floor plan drawing for the facility, which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8.5" X 11" sheet of paper or as many as necessary to illustrate the floor plan.

See Attachment Section A-6B-2.

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

The CCSC is located at 1410 Brierbrook Road in Germantown, 600 feet east of Brierbrook Road's intersection with South Germantown Road. This application is for relocation of the facility to an adjacent vacant parcel that has not yet been assigned a street address. The site is on the south side of Wolf River Boulevard, approximately 525 feet east of its intersection with Germantown Road. The southern boundary of the vacant parcel is the northern boundary of the parcel currently occupied by the CCSC.

The new project site is approximately 4 miles east of the I-40 / I-240 loop interstate corridor circling Memphis, and only 6 minutes' drive (2.1 miles) north of Methodist LeBonheur Germantown Hospital. This provides good drive time accessibility to patients coming from major communities of the service area, as illustrated by Table A-6B-(3) below. Most of the listed drive times are within thirty minutes' drive; all are within one hour.

Table A-6B-(3): Mileage and Drive Times Between The Project and Major Communities in the Primary Service Area

	County or State	Distance	Drive Time
1. Memphis (downtown Riverfront)	Shelby	19.8 mi.	25 min.
2. Millington	Shelby	20.8 mi.	31 min.
3. Bartlett	Shelby	11.7 mi.	19 min.
4. Collierville	Shelby	10.3 mi.	21 min.
5. Germantown (center)	Shelby	1.9 mi.	5 min.
6. Covington	Tipton	43.2 mi.	59 min.
7. Somerville	Fayette	31.6 mi.	43 min.
8. Hernando	DeSoto, MS	34.4 mi.	40 min.
9. Horn Lake	DeSoto, MS	26.1 mi.	34 min.
10. Southaven	DeSoto, MS	21.6 mi.	27 min.
10. West Memphis	Crittenden, AR	28.9 mi.	35 min.
11. Marion	Crittenden, AR	30.5 mi.	37 min.

Source: Google Maps, November 2017.

7. Type of Institution (Check as appropriate—more than 1 may apply)

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

8. Purpose of Review (Check as appropriate—more than 1 may apply)

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

9. Medicaid/TennCare, Medicare Participation

MCO Contracts (Check all that apply:
__x__Amerigroup __x__United Healthcare Community Plan ___x__BlueCare __x__ TennCare Select
Medicare Provider Number: 3288698
Medicaid Provider Number: 1511834
Certification Type: Ambulatory Surgical Treatment Center
If a new facility, will certification be sought for Medicare or for Medicaid/TennCare?
Medicare Yes___No___N/A__
Medicaid/TennCare Yes___No___N/A__

10. Bed Complement Data

Not Applicable.

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

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

** Beds approved but not yet in service* *** Beds exempted under 10%/3 yrs provision*

B. Describe the reasons for change in bed allocations and describe the impact the bed changes will have on the applicant facility's existing services.

Not applicable.

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

Not applicable.

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

Not applicable.

12. Square Footage and Cost Per Square Footage Chart--Stonecrest Surgery Center

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Ambulatory Surgery Center	NA	NA	NA	NA	0	32,000	32,000
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
Unit/Dept GSF Subtotal		0			0	32,000	32,000
Other GSF Subtotal					0	0	0
Total GSF		0			0	32,000	32,000
Total Cost*					$0.00	$13,940,000.00	$13,940,000.00
**Cost Per Square Foot							**$435.63**

Cost per Square Foot is Within Which Range?			
	___ Below 1st Quartile	___ Below 1st Quartile	___ Below 1st Quartile
	___ Between 1st and 2nd Quartile	___ Between 1st and 2nd Quartile	___ Between 1st and 2nd Quartile
(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)	___ Between 2nd and 3rd Quartile	___ Between 2nd and 3rd Quartile	___ Between 2nd and 3rd Quartile
Response: The HSDA Toolbox has no current or recent data on ASTC costs PSF by quartile.	___ Above 3rd Quartile	___ Above 3rd Quartile	___ Above 3rd Quartile

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

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

ARCHITECT SHOULD ENTER COST PSF ONLY FOR NEW AND RENOVATED COLUMNS; THE TOTAL COST PSF COLUMN CALCULATES AUTOMATICALLY.

13. MRI, PET, and/or LINEAR ACCELERATOR

Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding an MRI scanner in counties with population less than 250,000, or is initiating pediatric MRI in counties with population greater than 250,000, and/or describe the acquisition of any Positron Emission Tomography (PET) unit or Linear Accelerator unit if initiating the service by responding to the following:

A. Complete the Chart below for acquired equipment.

Not applicable.

LINEAR ACCELERATOR	
Mev:	Total Cost*: $
Types: (indicate one)	By Purchase? __
__ SRS	By Lease? __
__ IMRT	
__ IGRT	Expected Useful Life (yrs): __
__ Other :	New? __
	Refurbished? __
	If not new, how old (Yrs)? __

MRI	
Tesla:	Total Cost*: $
Magnet: (indicate one)	By Purchase? __
__ Breast	By Lease? __
__ Extremity?	
__ Open?	Expected Useful Life (yrs): __
__ Short Bore?	New? __
__ Other -- _____	Refurbished? __
	If not new, how old (Yrs)? __

PET	
PET Only? __	Total Cost*: $
	By Purchase? __
PET/CT? __	By Lease? __
PET/MRI? __	Expected Useful Life (yrs): __
	New? __
	Refurbished? __
	If not new, how old (Yrs)? __

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

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

Not applicable. No major medical equipment is included in the project.

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

Not applicable.

D. Schedule of Operations:

Not applicable.

Location	Days of Operation (Sun-Sat)	Hours of Operation
Fixed Site (Applicant)		
Mobile Locations		
Applicant		
Name of other location		
Name of other location		

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

Not applicable.

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

Not applicable.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

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

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

APPLICANT'S ANALYSIS OF THE NEED FOR THE PROJECT

There are two aspects to the need for this project. The first is the need to relocate the facility, rather than to expand its current building, as originally approved in CN2012-040. The second is the continuing need for the addition of the surgical room capacity that was approved in that prior unimplemented expansion CON.

A. The Need to Relocate

In November, 2012, The CCSC was granted CN1208-040 to expand its surgical room complements and associated support space at its current building.

In the year after the CON was granted, the Campbell Clinic--the physician practice that owns the Surgery Center-- made several determinations.

First--based on a comprehensive strategic planning process, one component of which focused on short-term and long-term industry trends and physician manpower--the Clinic determined that its projected increase in physician staff will require significant additional practice-related office space on its campus in the near future. It was determined that this can be best accomplished by developing a large new medical office building ("MOB") on its campus, where the majority of current and newly recruited practice physicians can be located. It was also recognized that if the CCSC can be moved to into that MOB, it will provide multiple advantages and efficiencies--and will free up the existing CCSC building for some additional practice offices and/or support staff.

Second, alternative architectural planning for the CCSC indicated that the expansion project approved in 2012 could not address some of its operational needs--but that a completely new design in the MOB will address those needs. Equipment storage will be centralized and enlarged. Observation capability (windows into the OR from non-sterile viewing rooms with communication to the OR) will be added to the OR suites to enhance the Clinic's education and training programs. Non-sterile space for staff and patient traffic will be provided to reduce cross-infection risk for the patients. Patients will have separate entrance and exit areas. Patient interviewing stations will give patients more privacy for discussing financial and medical matters.

Third, the practice concluded that the expansion plan would require some service interruptions at the CCSC during an extended phased construction program. This condition would be detrimental to the mission of the practice and to financial performance of the CCSC.

Fourth, this replacement proposal is needed for the practice to best utilize its entire 15-acre campus, maximizing its medical facilities and associated parking. If the existing CCSC building were to be expanded in accordance with the initial CON CN1208-040A, this would have utilized valuable land as part of the (expanded) building footprint, and in so doing, limited the buildable square footage on the entire campus, due to the impact of City of Germantown requirements for lot coverage, green space, setbacks, and parking ratios. The relocation option permits the entire campus to maximize buildable square footage and parking, while also providing optimized shared parking and through traffic across all three parcels.

The renovation/expansion plan called for an additional building footprint of approximately 21,000 sf, and would require a minimum of 86,000 SF (~ 2 acres) of land, after taking into account lot coverage ratios, pervious (green space) requirements, building setbacks, sidewalks, parking and equipment. With available land on the Campbell Clinic campus a limited and valuable asset, and with the long term growth trends, both retrospective and prospective, for the clinic's medical office, ancillary services, and ambulatory surgery center facilities, the relocation alternative for the CCSC provides the optimal and maximal use of all resources over the long term. Expanding a single story facility, as initially proposed in CN 1208-040, over the longer term, is a sub-optimal use of property, and as such, limits the overall growth potential for the clinic in this location.

During the course of the evaluation of alternatives, the practice also considered other sites both within and outside Germantown, but concluded that constructing a new MOB and ASTC, in the same building and on the existing campus, was the most beneficial and cost effective solution to its strategic initiatives.

These and other determinations led the practice to request HSDA extensions of CN1208-040, pending successful completion of zoning and other processes with the City of Germantown to ensure that a new MOB would be allowed on Clinic land. The MOB plan has now been approved by the City of Germantown, allowing the filing of this relocation CON application.

B. The Continuing Need for the Additional Surgical Rooms at Germantown

In 2012, the CCSC was in great need of additional surgical rooms. Its four operating rooms and single procedure room were heavily overscheduled. Extended hours were needed to meet patient needs. There was a 3-week waiting time for some types of cases. Cases performed in the surgical rooms far exceeded the norms established in the State Health Plan. With the physician practice planning to continue recruitment of orthopaedists and physiatrists, it was proposed to double surgical room capacity; and the HSDA Board agreed. That project was unopposed by any other provider.

In order to cope with insufficient surgical room capacity while the MOB project was moving through local zoning processes, in 2014 the applicant purchased a second, four-OR surgery center in the Midtown area of Memphis, and shifted many cases to the Midtown location. The Midtown facility will remain a resource for the CCSC in future years; but it will be preferable to concentrate most cases at Germantown once more capacity is available there.

Increases in total practice cases and a focus on performing them at Germantown ensure a continuing need for a total of eight operating rooms and two procedure rooms at Germantown.

The following page shows current and projected utilization at Germantown, in terms of surgical minutes available in an 8-hour workday, and in terms of the State Health Plan's case targets for optimal 70% utilization of surgical rooms. Currently, even with Midtown absorbing many cases, the Germantown operating rooms are at 98% of optimal case utilization and its procedure room is at 178.7% of the optimal standard. In terms of available minutes, the operating rooms are at 105% of an 8-hour day.

In Years Two and Six, with additional capacity and more complex cases being phased in, Germantown will be at 95.5% to 102.8% of the case target for operating rooms. Its operating rooms will be utilized at 114.7% to 123.4% of available minutes in an 8-hour workday. The procedure rooms will be at 139.2%-162.9% of the State Health Plan target for optimal cases per room, and will require more minutes than are available in just one procedure room.

Table B-Applicant's Analysis: Utilization of Campbell Clinic Surgery Center Germantown

Surgical Room Utilization in CY2017

Type of Case	Average Minutes Patient is in Room	Average Room Turnaround Minutes Per Case	Average Total Minutes Per Case	Number of Cases	Total Room Minutes Required	Type of Room Where Cases Performed	Number of Rooms	Available Minutes of Capacity at 120,000 Minutes Per Year Per Room	Utilization % of Available Minutes	Cases Per Room	Percent of State Health Plan's Optimal (70%) Utilization Standard O.R. = 884 Cases PR = 1,867 Cases
Orthopedic	135	11	146	3,473	507,058	O.R.	4	480,000	105.6%	868	98.2%
Pain Management	22	5	27	3,336	90,072	Proced. Rm	1	120,000	75.1%	3,336	178.7%

Surgical Room Utilization in Project Year Two (CY 2021)

Type of Case	Average Minutes Patient is in Room	Average Room Turnaround Minutes Per Case	Average Total Minutes Per Case	Number of Cases	Total Room Minutes Required	Type of Room Where Cases Performed	Number of Rooms	Available Minutes of Capacity at 120,000 Minutes Per Year Per Room	Utilization % of Available Minutes	Cases Per Room	Percent of State Health Plan's Optimal (70%) Utilization Standard O.R. = 884 Cases PR = 1,867 Cases
Orthopedic	148	15	163	5,453	888,839	O.R.	6	720,000	123.4%	909	102.8%
Pain Management	22	5	27	5,198	140,346	Proced. Rm	2	240,000	58.5%	2,599	139.2%

Surgical Room Utilization in Project Year Six (CY 2025)

Type of Case	Average Minutes Patient is in Room	Average Room Turnaround Minutes Per Case	Average Total Minutes Per Case	Number of Cases	Total Room Minutes Required	Type of Room Where Cases Performed	Number of Rooms	Available Minutes of Capacity at 120,000 Minutes Per Year Per Room	Utilization % of Available Minutes	Cases Per Room	Percent of State Health Plan's Optimal (70%) Utilization Standard O.R. = 884 Cases PR = 1,867 Cases
Orthopedic	148	15	163	6,755	1,101,065	O.R.	8	960,000	114.7%	844	95.5%
Pain Management	22	5	27	6,081	164,187	Proced. Rm	2	240,000	68.4%	3,041	162.9%

Source: Facility Management and Table B-Need-6(a-b)

QUESTIONS

NEED

1. Provide a response to each criterion and standard in Certificate of Need categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the THSDA or found on the agency's website at http://tjn.gov/hsda/article/hsda-criteria-and-standards.

STATE HEALTH PLAN
CERTIFICATE OF NEED STANDARDS AND CRITERIA

Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Not applicable. This application is for a replacement of a prior approved Certificate of Need with no change in scope of services, no beds, and no major medical equipment.

2. For relocation or replacement of an existing licensed healthcare institution:
a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

This project is for a surgery center whose renovation to double its operating and procedure room complements was approved in 2012 by CN1208-040. The actual capital cost of that work (excluding lease paymets) was estimated at approximately $12,700,000. This application proposes to replace that unimplemented project with a replacement facility in leased space. The actual capital cost to implement this project, consisting of (a) the lessor's cost of shelling-in and finishing "turnkey" the project's leased space and (b) the applicant's CON and equipment costs, is estimated at $18,877,698 (excluding lease payments). This is more costly, based in part on the following new project factors:

• A significant component of the cost increase simply reflects the annual inflation of construction costs since 2012. It also should be noted that the replacement plan does not call for a larger facility footprint, or more surgical room complements, than in the renovation plan.

• With the CCSC relocated, its parent, the Campbell Clinic, will have an existing building that it can renovate into additional needed physician offices and/or support space, at much lower cost than new construction. This will largely offset the difference in cost of the renovation and replacement alternatives.

• Savings will also occur because the relocation approach will avoid service interruptions and workflow impediments that would have occurred in an extended renovation project. A simple relocation avoids adverse impacts on employee productivity and on the number of cases that could be performed in the midst of a large construction project. Direct and indirect loss of net revenues from these effects would be detrimental to the overall/combined entity.

• There are significant advantages that the replacement alternative will provide, that were not provided in the expansion plan and for which no costs were projected at that time. These are discussed in detail in the preceding summaries of Need for the Project. They include:

--efficient co-location of most medical staff and the CCSC facility
--provision of OR observation areas to enhance the practice's training mission
--maximizing value in the use of total campus space for the Campbell Clinic
--increased separation of non-sterile traffic and sterile OR space
--flexible use of pre- and post-operative stations responsive to patient needs
--equipment storage centralization
--separation of entering and departing patients

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

This relocation project will replace a similar, but unimplemented, surgery center expansion project that was approved in 2012.

There is a continuing need for the originally approved addition of surgical capacity. Today the CCSC has 4 operating rooms and 1 procedure room. The operating rooms are utilized at 105.6% of available minutes in an 8-hour workday, and at 98.2% of the State Health Plan's optimal utilization target for operating rooms. The single procedure room is utilized at 178.7% of the State Plan's case target, and at 75.1% of available minutes.

At the new location, there will be double the surgical room capacity, as was approved in the 2012 CON application. Continued increase in cases from the Campbell Clinic, and moving back cases from the Midtown Surgery Center, will ensure that the relocated facility's Year Two OR utilization in six rooms will be 123.4% of available minutes in an 8-hour workday, and at 102.8% of the State Health Plan's optimal utilization target for operating rooms. The two procedure rooms will be utilized at 139.2% of the State Health Plan optimal case guideline, and at 58.5% of available minutes. For the latter, however, this will still be more minutes than are available in just one procedure room.

In Year Six, with eight operating rooms in use, the OR suite will be at 95.5% of the State Health Plan's optimal case utilization standard and will use 114.7% of surgical minutes available in an 8-hour day. The two procedure rooms will be at 162.9% of the State Plan target and at 68.4% of available minutes.

3. For renovation or expansion of an existing licensed healthcare institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Not applicable. This project is for a relocation, not an expansion, of an existing facility.

(END OF PROJECT-SPECIFIC STATE GUIDELINES)

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

The Campbell Clinic and its CSSC have long planned to expand to accommodate increases in medical staff and surgery cases when needed. It was for that purpose that several adjoining parcels of land were acquired over 25 years ago. However, since the CCSC expansion under CN1208-040A was approved, the physician practice has identified many advantages to relocating the CCSC on campus, rather than expanding it. Those considerations have been discussed in detail in three preceding sections of this application.

This new CON application to move the Clinic's surgery center into a new medical office building on land already owned by the physician practice is not a change in the applicant surgery center's long-range plan for adding surgical capacity; it is simply a change in location for additional capacity already approved. The relocation will be only approximately 100 feet away, on an adjoining parcel of Clinic property with a different street frontage and street address (when assigned).

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

The project's primary service area consists of Shelby, Tipton and Fayette Counties in Tennessee, DeSoto County in Mississippi, and Crittenden County in Arkansas. These are five of the more than one hundred U.S. counties from which CCSC patients come each year. They constituted 80.4% of all cases referred in CY 2016. No other county contributed as much as 1.5% of the CCSC's total referrals. The applicant has no reason to project a change in its current service area. Table B-Need-2 below projects patient origin by county for this project's first two years, based on CY2011 experience. A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table B-Need-2: Projected Patient Origin
Campbell Clinic Surgery Center--Germantown

County	Current Percent of Total	Year One (2020) Cases	Year Two (2021) Cases
Shelby (TN)	62.7%	6,356	6,675
DeSoto (MS)	6.3%	640	672
Tipton (TN)	5.6%	568	596
Fayette (TN)	4.3%	441	463
Crittenden (AR)	1.5%	154	162
Subtotal PSA	**80.4%**	**8,159**	**8,568**
Other Co. <1.5%	19.6%	1,983	1.993
Total All Counties	**100.0%**	**10,142**	**10,651**

Source: Practice records and Table B-Need-5.

3. (Continued) Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization by County Residents	% of Total Procedures
Shelby (TN)	62.7%	62.7%
DeSoto (MS)	6.3%	6.3%
Tipton (TN)	5.6%	5.6%
Fayette (TN)	4.3%	4.3%
Crittenden (AR)	1.5%	1.5%
Subtotal PSA	**80.4%**	**80.4%**
Other Co. <1.5%	19.6%	19.6%
Totals	**100.0%**	**100.0%**

Service Area Counties	Projected Utilization by County Residents	% of Total Procedures
Shelby (TN)	62.7%	62.7%
DeSoto (MS)	6.3%	6.3%
Tipton (TN)	5.6%	5.6%
Fayette (TN)	4.3%	4.3%
Crittenden (AR)	1.5%	1.5%
Subtotal PSA	**80.4%**	**80.4%**
Other Co. <1.5%	19.6%	19.6%
Shelby (TN)	**100.0%**	**100.0%**
Totals	62.7%	62.7%

4A(1). Describe the demographics of the population to be served by the proposal.

Please see Table B-Need-4A(2) on the following page.

• The primary service area population is projected to increase by 3.6% over the next four years, slightly faster than the 3.2% Statewide projection. The adult population will increase 3.6% in both the primary service area and Statewide.

• The primary service area sge is slightly lower than the State average; their median ages are respectively 37.2 and 38.4 years of age.

• The primary service area's household income averages much higher than the Statewide average, at $51,594 vs. $45,219 Statewide.

• The primary service area's percentage of persons living in poverty is less than 1% different from the State percentage--16.7% vs. 17.6% respectively.

• The primary service area's percentage of TennCare enrollees is 20.5% compared to the State's 21%.

A(2). Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the U.S. Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data:

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

TennCare Enrollment Data:

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

Census Bureau Fact Finder:

http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

Please see Table B-Need-4A(2) on the following page.

Table B-Need-4A(2): Campbell Clinic Surgery Center--Germantown
Demographic Characteristics of Primary Service Area
2017-2021

	Department of Health / Health Statistics							Bureau of the Census				TennCare	
Primary Service Area Counties	**Current Total Population 2017**	**Projected Total Population 2021**	**Total Population % Change 2017 - 2021**	**Current Target* Population Age 13+ 2017**	**Projected Target* Population Age 13+ 2021**	**Projected Target* Population 13+ % Change 2017 - 2021**	**Projected Target* Population 13+ As % of Projected Total Population 2021**	**Median Age**	**Median Household Income**	**Persons Below Poverty Level**	**Persons Below Poverty Level as % of Total Population**	**Current TennCare Enrollees**	**TennCare Enrollees as % of Total County or Zip Code Population**
Fayette	45,626	49,441	8.4%	38,769	42,485	9.6%	85.9%	43.7	$54,890	6,342	13.9%	6,935	15.2%
Shelby	964,804	986,423	2.2%	783,948	799,105	1.9%	81.0%	34.9	$46,224	206,468	21.4%	251,115	26.0%
Tipton	68,247	72,169	5.7%	56,760	60,341	6.3%	83.6%	37.0	$53,669	9,282	13.6%	13,216	19.4%
DeSoto, MS	198,539	217,483	9.5%	155,844	171,738	10.2%	79.0%	36.0	$35,165	60,753	30.6%	NA	NA
Crittenden, AR	49,235	49,235	0.0%	9,557	9,165	-4.1%	18.6%	34.6	$38,004	11,866	24.1%	NA	NA
Primary Service Area	1,326,451	1,374,751	3.6%	1,044,878	1,082,834	3.6%	78.8%	37.2	$51,594	222,092	16.7%	271,266	20.5%
State of TN Total	6,887,572	7,108,031	3.2%	5,305,131	5,494,030	3.6%	77.3%	38.4	$45,219	1,212,213	17.6%	1,446,810	21.0%

Sources: TDOH Population Projections for 2017 and 2021; U.S. Census QuickFacts for MS and AR2016 Population and age/income statistics; TennCare Bureau.

Notes:

1. *Service area data is either total, or average, as appropriate.*
2. *MS and AR populations for these ages and years are interpolated by applicant from State websites; MS adult age cohort is 16+ yrs, 13+ not available.*

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.

CCSC is accessible to low-income TennCare enrollees and to the elderly. CY2016 records showed a payor mix of 10.8% TennCare and 14.8% Medicare (combined 25.6%). By comparison, The prior approved CON application showed a 2012 (Q1-Q2) payor mix of 8.5% TennCare and 16.6% Medicare (25.1% combined).

The Surgery Center does not discriminate in its admissions on the basis of age, gender, race, ethnicity, or religion.

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

In the project's primary service area, there are twelve ambulatory surgical treatment centers that perform orthopaedic and/or pain management cases. They are all in Shelby County. Table B-Need-5 on the two following two pages provides their past three years of utilization as reported in FYE 2014-FYE 2016 Joint Annual Reports. Below is a summary of utilization trends shown in that table.

Summary of Data from Table B-Need-5 Utilization of Similar Facilities in the Primary Service Area of the Project				
	FYE 2014	FYE 2015	FYE 2016	Change in 2 Yrs
Operating Rooms	44	44	44	0
Cases Per Operating Room	741	844	778	+5.0%
% of State Health Plan Optimal Target (884 Cases/Yr)	83.8%	95.5%	88.0%	+4.2%
Procedure Rooms	13	13	13	0
Cases Per Procedure Room	1,059	1,236	1,435	+35.5%
% of State Health Plan Optimal Target (1,867 Cases/Yr)	56.7%	66.2%	76.9%	+20.2%
Total Cases Performed	46,378	53,210	52,886	+14.0%
Orthopaedic and Pain Management Cases Performed	26,762	32,386	34,008	+27.1%
Orthopaedic /Pain Mgt Cases as % of Total Cases	57.7%	60.9%	64.3%	+6.6%

Over the past two reporting years, although operating room and procedure room utilization are not yet at the optimal level set forth in the State Health Plan, utilization of OR's and procedure rooms in those facilities increased significantly. Total cases in the facilities increased by 14.0%. Cases per OR increased 5.0% and cases per procedure room increased 35.5%. Significantly for this application, over the past two years orthopaedic and pain management cases increased at 27.1%--almost twice the rate of total cases. And last year, orthopaedic and pain management cases reached almost two-thirds of total surgical cases of this group. Today, more and more procedures (total joint arthroplasty, spinal procedures) are being performed in an ASTC setting, and are contracted procedures for a majority of commercial insurance carriers and the Campbell Clinic Surgery Center.

It should be added that many of the facilities in this group perform cases in more specialties than just orthopaedics or pain management. However, the Campbell Clinic's two ambulatory surgery centers are the only ones in the service area that perform both orthopaedic and pain management cases **exclusively**.

Table B-Need-5 (Page One): Campbell Clinic Surgery Center
Historic Utilization of Alternative Surgery Centers With Orthopedic/Pain Management Cases
Tennessee Primary Service Area

FYE 6-30-2016 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Cases in O.R.s	Cases Per O.R.	% of Total O.R. Capacity (1,263 cases)	% of Optimal O.R. Capacity (884 cases)	Procedure Rooms	Cases in Procedure Rooms	Cases Per Procedure Room	% of Total Proc Rm Capacity (2,667 cases)	% of Optimal Proc Rm Capacity (1,867) cases)	Orthopedic & Pain Management Cases	Orthopedic and Pain Management Percent of Total Cases
79669	Baptist Germantown Surgery Center	Shelby	5	3,861	772	61.1%	87.4%	0	0	0	0.0%	0.0%	1,810	46.9%
79633	Campbell Clinic Surgery Center-Midtown	Shelby	4	2,753	688	54.5%	77.9%	0	0	0	0.0%	0.0%	2,753	100.0%
79691	Campbell Clinic Surgery Center-Germantown	Shelby	4	3,322	831	65.8%	93.9%	1	3,466	3,466	130.0%	185.6%	6,788	100.0%
79614	East Memphis Surgery Center	Shelby	6	4,246	708	56.0%	80.1%	3	1,155	385	14.4%	20.6%	941	17.4%
79603	LeBonheur East Surgery Center	Shelby	4	2,462	616	48.7%	69.6%	0	0	0	0.0%	0.0%	21	0.9%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	4,395	2,198	174.0%	248.6%	0	0	0	0.0%	0.0%	4,395	100.0%
79295	Memphis Surgery Center	Shelby	4	1,686	422	33.4%	47.7%	1	0	0	0.0%	0.0%	296	17.6%
79639	Methodist Surgery Center Germantown	Shelby	4	3,987	997	78.9%	112.8%	1	1,248	1,248	46.8%	66.8%	2,400	45.8%
79765	Mid-South Interventional Pain Institute	Shelby	0	0	0	0.0%	0.0%	2	3,360	1,680	63.0%	90.0%	3,360	100.0%
79646	North Surgery Center	Shelby	4	2,369	592	46.9%	67.0%	1	1,174	1,174	44.0%	62.9%	1,950	55.0%
79694	Semmes--Murphy Clinic	Shelby	3	1,536	512	40.5%	57.9%	2	5,129	2,565	96.2%	137.4%	5,129	77.0%
79724	Surgery Center at Saint Francis	Shelby	4	3,611	903	71.5%	102.1%	2	3,126	1,563	58.6%	83.7%	4,165	61.8%
	TN PRIMARY SERVICE AREA		**44**	**34,228**	**778**	**61.6%**	**88.0%**	**13**	**18,658**	**1,435**	**53.8%**	**76.9%**	**34,008**	**64.3%**

Notes:

1. *Midtown Surgery Center (ID# 79633) became "Campbell Clinic Surgery Center--Midtown") in April 2014.*
2. *ASTC Utilization in Arkansas and Mississippi excluded due to lack of data reporting.*

Table B-Need-5 (Page Two): Campbell Clinic Surgery Center
Historic Utilization of Alternative Surgery Centers With Orthopedic/Pain Management Cases
Tennessee Primary Service Area

FYE 6-30-2015 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Cases in O.R.s	Cases Per O.R.	% of Total O.R. Capacity (1,263 cases)	% of Optimal O.R. Capacity (884 cases)	Procedure Rooms	Cases in Procedure Rooms	Cases Per Procedure Room	% of Total Proc Rm Capacity (2,667 cases)	% of Optimal Proc Rm Capacity (1,867) cases)	Orthopedic & Pain Management Cases	Orthopedic and Pain Management Percent of Total Cases
79669	Baptist Germantown Surgery Center	Shelby	5	3,811	762	60.3%	86.2%	0	0	0	0.0%	0.0%	1,869	49.0%
79633	Campbell Clinic Surgery Center-Midtown	Shelby	4	1,323	331	26.2%	37.4%	0	0	0	0.0%	0.0%	1,323	100.0%
79691	Campbell Clinic Surgery Center-Germantown	Shelby	4	3,483	871	68.9%	98.5%	1	3,769	3,769	141.3%	201.9%	7,252	100.0%
79614	East Memphis Surgery Center	Shelby	6	4,190	698	55.3%	79.0%	3	1,151	384	14.4%	20.5%	1,036	19.4%
79603	LeBonheur East Surgery Center	Shelby	4	4,108	1,027	81.3%	116.2%	0	0	0	0.0%	0.0%	56	1.4%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	4,422	2,211	175.1%	250.1%	0	0	0	0.0%	0.0%	4,422	100.0%
79295	Memphis Surgery Center	Shelby	4	2,652	663	52.5%	75.0%	1	0	0	0.0%	0.0%	549	20.7%
79639	Methodist Surgery Center Germantown	Shelby	4	3,943	986	78.0%	111.5%	1	1,252	1,252	46.9%	67.1%	2,463	47.4%
79765	Mid-South Interventional Pain Institute	Shelby	0	0	0	0.0%	0.0%	2	2,728	1,364	51.1%	73.1%	2,728	100.0%
79646	North Surgery Center	Shelby	4	2,351	588	46.5%	66.5%	1	1,339	1,339	50.2%	71.7%	2,079	56.3%
79694	Semmes–Murphy Clinic	Shelby	3	1,570	523	41.4%	59.2%	2	4,712	2,356	88.3%	126.2%	4,712	75.0%
79724	Surgery Center at Saint Francis	Shelby	4	5,288	1,322	104.7%	149.5%	2	1,118	559	21.0%	29.9%	3,897	60.8%
	TN PRIMARY SERVICE AREA		**44**	**37,141**	**844**	**66.8%**	**95.5%**	**13**	**16,069**	**1,236**	**46.3%**	**66.2%**	**32,386**	**60.9%**

FYE 6-30-2014 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Cases in O.R.s	Cases Per O.R.	% of Total O.R. Capacity (1,263 cases)	% of Optimal O.R. Capacity (884 cases)	Procedure Rooms	Cases in Procedure Rooms	Cases Per Procedure Room	% of Total Proc Rm Capacity (2,667 cases)	% of Optimal Proc Rm Capacity (1,867) cases)	Orthopedic & Pain Management Cases	Orthopedic and Pain Management Percent of Total Cases
79669	Baptist Germantown Surgery Center	Shelby	5	3,508	702	55.6%	79.4%	0	0	0	0.0%	0.0%	1,397	39.8%
79633	Campbell Clinic Surgery Center-Midtown	Shelby	4	161	40	3.2%	4.6%	0	0	0	0.0%	0.0%	161	100.0%
79691	Campbell Clinic Surgery Center-Germantown	Shelby	4	3,089	772	61.1%	87.4%	1	4,264	4,264	159.9%	228.4%	7,353	100.0%
79614	East Memphis Surgery Center	Shelby	6	4,087	681	53.9%	77.1%	3	1,182	394	14.8%	21.1%	1,111	21.1%
79603	LeBonheur East Surgery Center	Shelby	4	2,446	612	48.4%	69.2%	0	0	0	0.0%	0.0%	100	4.1%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	4,245	2,123	168.1%	240.1%	0	0	0	0.0%	0.0%	4,245	100.0%
79295	Memphis Surgery Center	Shelby	4	2,730	683	54.0%	77.2%	1	131	131	4.9%	7.0%	388	13.6%
79639	Methodist Surgery Center Germantown	Shelby	4	4,120	1,030	81.6%	116.5%	1	1,335	1,335	50.1%	71.5%	2,738	50.2%
79765	Mid-South Interventional Pain Institute	Shelby	0	0	0	0.0%	0.0%	2	988	494	18.5%	26.5%	988	100.0%
79646	North Surgery Center	Shelby	4	2,334	584	46.2%	66.0%	1	1,283	1,283	48.1%	68.7%	1,363	37.7%
79694	Semmes–Murphy Clinic	Shelby	3	1,162	387	30.7%	43.8%	2	2,742	1,371	51.4%	73.4%	2,742	70.2%
79724	Surgery Center at Saint Francis	Shelby	4	4,723	1,181	93.5%	133.6%	2	1,848	924	34.6%	49.5%	4,176	63.6%
	TN PRIMARY SERVICE AREA		**44**	**32,605**	**741**	**58.7%**	**83.8%**	**13**	**13,773**	**1,059**	**39.7%**	**56.7%**	**26,762**	**57.7%**

Notes:

1. *Midtown Surgery Center (ID# 79633) became "Campbell Clinic Surgery Center–Midtown") in April 2014.*
2. *ASTC Utilization in Arkansas and Mississippi excluded due to lack of data reporting.*

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

CN1208-040 was approved in CY2012 to expand to double CCSC's complement of operating and procedure rooms by CY2014. However, by CY2013 the physician practice determined to develop additional clinic space for additional physicians it planned to recruit. The decision was made to move the CCSC into a new building on adjoining land owned by the physician practice, freeing up the CCSC's existing building for conversion to practice-related offices. That would require obtaining a replacement CON and a long wait for Germantown planning and zoning approvals.

To provide much-needed additional surgical capacity in the interim, the Campbell Clinic purchased the Midtown Surgery Center in Memphis from Midtown Surgery Center, LP and Baptist Memorial Hospital. Midtown was, and is, a separately licensed facility with four operating rooms and no procedure rooms. While it is not a part of this application, its utilization dis factored in, in order to clarify this application's projected utilization of the CCSC at its new address.

The Midtown facility began operation under CCSC ownership in April 2014. Since then, cases that could not be accommodated at the Germantown facility, and cases for patients who could access the Midtown location more conveniently, have been scheduled at Midtown rather than Germantown.

Table B-Need-6 (a) on the following page shows CCSC's historical caseloads at both of its surgery centers from CY2013 through annualized CY2017. Table B-Need 6(b) on the second following page projects utilization of both centers through CY 2025 (Year Six of this project). The data is on a calendar year basis, not the fiscal year basis used in ASTC Joint Annual Reports. Projections are based on the following assumptions.

1. When the new Germantown MOB opens, more than half of Midtown's orthopaedic cases, and all of its pain management cases, will be moved to the new facility. An estimated 85% of the CCSC's orthopaedic cases will then be performed in Germantown.

2. With recent and near-term additions to the Campbell Clinic physician staff, the orthopaedic cases at the combined facilities are projected to increase 4% per year from now until the new Germantown facility opens with additional surgical rooms. After the larger replacement facility opens, total orthopaedic cases at both facilities are projected to increase 6% per year from Years One through Five and 4% per year thereafter. These increased growth rates are a proximal result of adding additional orthopaedic surgeons at the Campbell Clinic, in order to meet increasing demand.

3. Total pain management cases, wherever located, are projected to increase 4% annually after CY2017.

4. On January 1, 2018 the physician practice will have 42 orthopaedic surgeons and 5 physiatrists. Within three more years, it will have 48 orthopaedic surgeons and 6 physiatrists--an increase of approximately 15%--with a concurrent impact on referrals to CCSC.

Moreover, CMS is expected to allow Medicare patients to have total knee arthroscopy in the ASC setting in CY2018, and total hip replacement in ASC's in CY2020. Campbell Clinic and Campbell Surgery Center currently have in place a number of commercial insurance contracts for total joint arthroplasty and certain spine surgical procedures in the ATSC setting at CCSC. The volume of these procedures over the past several years has increased significantly, and as more physicians and eligible patients elect to perform/have these procedures in the ATSC, and more insurance carriers transition contracts to this setting, the values are expected to continue with strong growth. Please see the materials in the "Miscellaneous" attachment to the application, for published forecasts of the extremely rapid increases projected for joint replacement projects--which have already begun to migrate from hospitals to surgery center settings. These factors support the Clinic's projections of continuing increases in surgeries at its Germantown facility, in the years ahead.

Although Campbell Clinic Surgery Center Midtown is not part of this application, it should be noted that it will continue to operate with a positive cash flow, after the projected volumes of its orthopedic and pain management caseloads have been transitioned to the expanded CCSC in 2021.

Table B-Need-6(a) Historic Utilization of Cambell Clinic Surgery Centers 2015-2017			
Campbell Clinic Surgery Centers (CCSC)	**CY 2015**	**CY 2016**	**Annualized CY 2017**
CCSC Germantown			
Orthopedic Cases (All in O.R.)	3,658	3,611	3,473
Operating Rooms	4	4	4
Cases Per Operating Room	915	903	868
% of SHP Target--884 Cases Per Room	103.5%	102.1%	98.2%
Pain Management Cases (All in Proc. Rm)	3,390	3,256	3,336
Procedure Rooms	1	1	1
Cases Per Procedure Room	3,390	3,256	3,336
% of SHP Target--1,867 Cases Per Room	383.5%	368.3%	377.4%
CCSC Midtown (No Procedure Rooms)			
Orthopedic and Pain Management Cases	1,965	2,999	2,913
Operating Rooms	4	4	4
Cases Per Operating Room	491	750	728
% of SHP Target--884 Cases Per Room	55.6%	84.8%	82.4%

Source: Facility Records

Table B-Need-Six (b): Projected Utilization of Cambell Clinic Surgery Centers 2018-2025 (Project Years 1-6)

Campbell Clinic Surgery Centers (CCSC)	CY 2018	CY2019	Project Year 1 CY 2020	Project Year 2 CY 2021	Project Year 3 CY 2022	Project Year 4 CY 2023	Project Year 5 CY 2024	Project Year 6 CY 2025
CCSC Germantown								
Orthopedic Cases (All in O.R.)	3,624	3,768	5,144	5,453	5,780	6,127	6,495	6,755
Staffed Operating Rooms	4	4	6	6	8	8	8	8
Cases Per Operating Room	906	942	857	909	723	766	812	844
% of SHP Target--884 Cases Per Room	102.5%	106.6%	97.0%	102.8%	81.7%	86.6%	91.8%	95.5%
Pain Management Cases (All in Proc. Rm)	3,466	3,604	4,998	5,198	5,406	5,622	5,847	6,081
Procedure Rooms	1	1	2	2	2	2	2	2
Cases Per Procedure Room	3,466	3,604	2,499	2,599	2,703	2,811	2,924	3,041
% of SHP Target--1,867 Cases Per Room	185.6%	193.0%	133.9%	139.2%	144.8%	150.6%	156.6%	162.9%
CCSC Midtown (No Procedure Rooms)								
Orthopedic Cases	1,866	1,942	908	962	1,020	1,081	1,146	1,192
Pain Management Cases	1,155	1,202	0	0	0	0	0	0
Total Cases	3,021	3,144	908	962	1,020	1,081	1,146	1,192
	4	4	4	4	4	4	4	4
Cases Per Operating Room	755	786	227	241	255	270	287	298
% of SHP Target--884 Cases Per Room	85.4%	88.9%	25.7%	27.2%	28.8%	30.6%	32.4%	33.7%
Combined Caseloads, Both Centers								
Orthopedic Cases	5,490	5,710	6,052	6,415	6,800	7,208	7,641	7,947
Change from Prior Year	4.0%	4.0%	6.0%	6.0%	6.0%	6.0%	6.0%	4.0%
Pain Management Cases	4,621	4,806	4,998	5,198	5,406	5,622	5,847	6,081
Change from Prior Year	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Source: Facility Management and Development Support Group

ECONOMIC FEASIBILITY

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

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

B. The cost of any lease, 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.

C. 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.

Campbell Clinic, P.C. ("Clinic") is the parent company of the CON applicant Campbell Clinic Surgery Center, LLC "CCSC").

Campbell Clinic plans to develop and own the MOB where the CCSC will be re-located. On adjoining land currently owned by the Campbell Clinic, the Clinic will develop the MOB to finished stage for approximately 90,000 SF of the entire 120,000 +/- SF building, one floor (30,000 SF) of which will be fully finished as "turnkey", excluding equipment, to be leased to the CCSC. A 2,000 SF mechanical area of the ground floor will also be finished for lease to the CCSC. The Clinic's development costs for this construction will be funded by a 100% loan from First Tennessee Bank. The CCSC will fund its CON process and its equipment costs with a separate 100% loan from First Tennessee Bank, and then will lease, equip, license, and operate the finished 32,000 SF of space as its new facility.

The Project Cost Chart for the applicant is provided on the next page. Sections A and E show the capital costs borne by the applicant--i.e., only CON-related and equipment costs. This Project Cost Chart does not include the capital costs associated with the development of finished Surgery Center space. CCSC will lease its new space, those lease outlays will exceed the development cost of the leased space, and the lease outlay entered in Section B must be used as the value of the leased space, in accordance with HSDA rules.

- Line A.2 shows estimated legal and consulting fees that may be incurred in preparing for this project and throughout the CON process.

- Line A.6 is a 10% construction contingency.

- Lines A.7-A.8 are the maximum list price of equipment to be purchased for the new space.

* Line A.9 is an allowance for miscellaneous equipment-related purchases (phone systems, etc.)

• Line B.1 is the "fair market value" of the leased space for the relocated CCSC. For a leased premises, HSDA rules require that the applicant make two alternative calculations, and use the higher of the two in line B.1. The two alternative methods are the Lease Outlay method (total lease payments over the first term of the lease) and the Space Value method (estimated value of the space being leased, according to an appraisal or the actual cost of its development). Both calculations are shown below. Alternative A, the Lease Outlay method resulted in the greater cost and was used in Line B.1 of the Project Cost Chart, as required by HSDA rules.

Alternative A: Lease Outlay Method:

The lease will be for $42 per rentable square foot ("RSF"), with no escalator, for an initial term of 10 years. There will be 32,000 usable SF in the project (30,000 on the fourth floor and 2,000 mechanical/electrical space on the ground floor). To allow for common area use, this was grossed up by 8% to 34,560 rentable square feet (RSF), which is used in the lease option. Lease outlay the first term will therefore be 34,560 RSF X $42 PRSF X 10 years = ***$14,515,200****.*

Alternative B: Space Value Method:

The applicant is leasing 32,000 SF, approximately 26.7%, of the 120,000 SF MOB space. Therefore 26.7% of the developer's costs for (a) constructing the shell building and (b) finishing the applicant's space, are attributable to this project. The developer will incur a total of $38,245,354 for developing a shell building and finishing the space leased to the Surgery Center. Its value under CON rules is therefore $38,245,354 X 26.7% = ***$10,211,510****.*

• Line E contains the required State review fee due with the filing of this application. The calculation is $21,390,200 applicant's cost / 1,000 X $15.75 = $336,896; but the maximum statutory fee is $95,000, which is entered in Line E.

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

The Square Footage Chart has been provided. The architect's letter documenting that Chart's construction cost is provided in the Attachments. The Total Construction Cost on line 5 of the Project Cost Chart differs from that of the Square Footage Chart because the applicant is leasing finished building space and not incurring any construction cost. The applicant's lease payments are calculated to reimburse the building developer for the developer's own construction costs, which are shown on the second following page.

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PROJECT COST CHART--CAMPBELL CLINIC SURGERY CENTER

A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	6%	$ 0
2.	Legal, Administrative, Consultant Fees (Excl CON Filing Fee)		75,000
3.	Acquisition of Site		0
4.	Preparation of Site		0
5.	Total Construction Cost		0
6.	Contingency Fund		0
7.	Fixed Equipment (Not included in Construction Contract)		3,700,000
8.	Moveable Equipment (List all equipment over $50,000 as separate attachment)		3,000,000
9.	Other (Specify)		100,000

B. Acquisition by gift, donation, or lease:

1.	Facility (inclusive of building and land)		14,515,200
2.	Building only		0
3.	Land only	FMV of unimproved land 5.0 acres?	0
4.	Equipment (Specify)		0
5.	Other (Specify)		0

C. Financing Costs and Fees:

1.	Interim Financing	0
2.	Underwriting Costs	0
3.	Reserve for One Year's Debt Service	0
4.	Other (Specify)	0

D. Estimated Project Cost (A+B+C) 21,390,200

E. CON Filing Fee 95,000

F. Total Estimated Project Cost (D+E) **TOTAL $** 21,485,200

Actual Capital Cost 6,970,000
Section B FMV 14,515,200

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Project Cost Chart--Campbell Clinic Surgery Center

A.8 Equipment Detail: Items Costing $50,000 or more per Unit

Type of Equipment	Unit Price
Anesthesia Machine	$ 72,999
Steris Surgical Lights w Camera	$ 96,990
GE OEC 9900 C-Arm X-ray	$157,202
Mini C-Arm X-ray	$ 85,166
Autoclave for Instrument Room	$182,130
Washer for Instrument Room	$113,334
Sterrad System	$ 61,388
Sterile Storage System	$ 60,831

Developer's Cost for Constructing and Finishing Applicant's Leased Space

Lessor's Costs of Developing the Project "Turnkey" to Lease to the CON Applicant)		
A. Construction & Equipment Purchased		
1. A&E Fees	$1,811,040	6% of A5 + A6
2. Legal, Administrative, Consultant Fees	0	
3. Acquisition of Site	0	
4. Preparation of Site	4,000,000	
5. Construction Cost	27,440,000	$178 PSF for shell bldg + finishing ASTC space
6. Contingency	2,744,000	10%
7. Fixed Equipment		
8. Moveable Equipment		
9. Other (IT, telecomm. misc.)	1,317,500	Development fee + misc
B. Acquisition by Gift, Donation, or Lease		
1. Facility (Building+Land)	0	
2. Building Only	0	
3. Land Only	0	Site already owned
4. Equipment (Specify)	0	
5. Other (Specify)	0	
C. Financing Costs & Fees		
1. Interim Interest	932,814	
2. Underwriting Costs	0	
3. Reserve for 1 Yr Debt Service	0	
4. Other (Specify)	0	
D. Estimated Project Cost (A+B+C)	38,245,354	
E. CON Filing Fee	0	
F. Total Estimated Project Cost (D+E)	$38,245,354	
NOTE: actual capital cost to be financed		

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

1) A general description of the project;

2) An estimate of the cost to construct the project; and

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

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

See Attachment Section B-Economic Feasibility-1E.

2. Identify the funding sources for this project.

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.)

__X__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;

_____B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable 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;

_____E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

_____F. Other--Identify and document funding from all sources.

Documentation of the availability of 100% loan financing from First Tennessee Bank is provided in the Attachments. This letter covers financing not only of the applicant's project, but also of the MOB that will be leasing space to the applicant.

3. Complete Historical Data Charts on the following pages--Do not modify the Charts or submit Chart substitutions!

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

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

Please see the following pages for the Historic Data Chart. This is provided on a calendar year basis, not the fiscal year basis of the Joint Annual Reports.

X TOTAL FACILITY
O PROJECT ONLY

HISTORICAL DATA CHART --APPLICANT FACILITY NAME

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.

		CY 2015	CY 2016	CY 2017 Ann'd
A. Utilization Data (Specify unit or measure)	Surgical Cases	7,048	6,867	6,809
B. Revenue from Services to Patients				
1. Inpatient Services		$ 0	$ 0	$ 0
2. Outpatient Services		51,903,658	55,630,604	56,597,223
3. Emergency Services		0	0	0
4. Other Operating Revenue (Specify) See notes page		0	0	0
	Gross Operating Revenue	$ 51,903,658	$ 55,630,604	$ 56,597,223
C. Deductions from Gross Operating Revenue				
1. Contractual Adjustments		$ 40,889,469	$ 42,883,851	$ 43,010,081
2. Provision for Charity Care		0	0	0
3. Provisions for Bad Debt		0	0	0
	Total Deductions	$ 40,889,469	$ 42,883,851	$ 43,010,081
NET OPERATING REVENUE		$ 11,014,189	$ 12,746,753	$ 13,587,142
D. Operating Expenses				
1. Salaries and Wages				
a. Clinical		$ 2,476,002	$ 2,618,464	$ 2,618,654
b. Non-Clinical		619,001	654,616	654,664
2. Physicians Salaries and Wages		0	0	0
3. Supplies		3,997,947	4,881,590	5,285,484
4. Rent				
a. Paid to Affiliates		387,549	387,549	387,549
b. Paid to Non-Affiliates		172,573	224,690	214,880
5. Management Fees				
a. Paid to Affiliates		0	0	0
b. Paid to Non-Affiliates		0	0	0
6. Other Operating Expenses	See notes page.	759,665	811,602	827,515
	Total Operating Expenses	$ 8,412,737	$ 9,578,512	$ 9,988,746
E. **Earnings Before Interest, Taxes, and Depreciation**		$ 2,601,452	$ 3,168,241	$ 3,598,396
F. Non-Operating Expenses				
1. Taxes		$ 308,736	340,255	352,890
2. Depreciation		175,093	204,970	214,598
3. Interest		102,021	85,549	78,954
4. Other Non-Operating Expenses				
	Total Non-Operating Expenses	$ 585,850	$ 630,774	$ 646,442
NET INCOME (LOSS)		$ 2,015,602	$ 2,537,467	$ 2,951,954

Chart Continues Onto Next Page

	CY 2015	CY 2016	CY 2017 Ann'd
NET INCOME (LOSS)	$ 2,015,602	$ 2,537,467	$ 2,951,954
G. Other Deductions			
1. Annual Principal Debt Repayment	$ 0	$ 0	$ 0
2. Annual Capital Expenditure	35,629	10,858	29,302
Total Other Deductions	$ 35,629	$ 10,858	$ 29,302
NET BALANCE	$ 1,979,973	$ 2,526,609	$ 2,922,652
DEPRECIATION	$ 175,093	$ 204,970	$ 214,598
FREE CASH FLOW (Net Balance + Depreciation)	$ 2,155,066	$ 2,731,580	$ 3,137,249

X TOTAL FACILITY
O PROJECT ONLY

HISTORICAL DATA CHART -- OTHER EXPENSES

OTHER EXPENSES CATEGORIES	CY 2015	CY 2016	CY 2017 Ann'd
1. Facilities (repairs/maint/utilities)	$ 319,804	$ 304,086	$ 319,996
2. Contract Labor	42,235	80,741	54,158
3. Licenses/Fees	107,178	100,841	110,968
4. Accounting & Bank Fees	79,225	103,342	106,760
5. Transcription Services	55,729	50,456	48,057
6. Postage/Shipping	53,185	53,350	53,864
7. General Liability Insurance	26,060	30,608	29,945
8. Collection Services	23,264	38,798	45,755
9. Interpretation Services	23,823	24,429	15,766
10. Travel/Meals/Education	29,161	24,950	42,248
11.			
12.			
13.			
14			
15.			
Total Other Expenses	$ 759,665	$ 811,602	$ 827,515

3. Complete Projected Data Charts on the following pages – *Do not modify the Charts provided or submit Chart substitutions!* The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. Only complete one chart if it suffices. *Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

The Projected Data Chart for the facility (which is also the project) is provided on the following two pages.

X TOTAL FACILITY
O PROJECT ONLY

PROJECTED DATA CHART -- CAMPBELL CLINIC SURGERY CENTER

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.

			CY 2020 (Year One)	CY 2021 (Year Two)
A.	Utilization Data (Specify unit or measure)	Surgical Cases	10,142	10,651
B.	Revenue from Services to Patients			
	1. Inpatient Services		$	$
	2. Outpatient Services		101,904,284	112,098,274
	3. Emergency Services			
	4. Other Operating Revenue			
	(Specify) See notes page			
		Gross Operating Revenue	$ 101,904,284	$ 112,098,274
C.	Deductions from Gross Operating Revenue			
	1. Contractual Adjustments		$ 76,428,213	$ 84,073,706
	2. Provision for Charity Care			
	3. Provisions for Bad Debt			
		Total Deductions	$ 76,428,213	$ 84,073,706
NET OPERATING REVENUE			$ 25,476,071	$ 28,024,569
D.	Operating Expenses			
	1. Salaries and Wages			
	a. Clinical		$ 4,718,168	$ 5,190,150
	b. Non-Clinical		1,182,090	1,300,340
	2. Physicians Salaries and Wages			
	3. Supplies		9,517,860	10,469,979
	4. Rent			
	a. Paid to Affiliates		1,451,520	1,451,520
	b. Paid to Non-Affiliates		387,236	425,973
	5. Management Fees			
	a. Paid to Affiliates			
	b. Paid to Non-Affiliates			
	6. Other Operating Expenses	See notes page	1,487,803	1,636,635
		Total Operating Expenses	$ 18,744,677	$ 20,474,597
E.	**Earnings Before Interest, Taxes, and Depreciation**		$ 6,731,394	$ 7,549,971
F.	Non-Operating Expenses			
	1. Taxes		$ 631,807	$ 695,009
	2. Depreciation		750,000	1,339,286
	3. Interest		142,666	156,938
	4. Other Non-Operating Expenses			
		Total Non-Operating Expenses	$ 1,524,473	$ 2,191,233
NET INCOME (LOSS)			$ 5,206,921	$ 5,358,739

Chart Continues Onto Next Page

	CY 2020 (Year One)	CY 2021 (Year Two)
NET INCOME (LOSS)	$ 5,206,921	$ 5,358,739
G. Other Deductions		
1. Annual Principal Debt Repayment	$ 0	$ 0
2. Annual Capital Expenditure	30,000	30,000
Total Other Deductions	$ 30,000	$ 30,000
NET BALANCE	$ 5,176,921	$ 5,328,739
DEPRECIATION	$ 750,000	$ 1,339,286
FREE CASH FLOW (Net Balance + Depreciation)	$ 5,926,921	$ 6,668,025

X **TOTAL FACILITY**
0 **PROJECT ONLY**

PROJECTED DATA CHART -- OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2020	Year 2021
1. Facilities (repairs/maint/utilities)	$ 580,854	$ 638,960
2. Contract Labor	101,904	112,098
3. Licenses/Fees	203,809	224,197
4. Accounting and Bank Fees	193,618	212,987
5. Transcription Services	81,523	89,679
6. Postage/Shipping	101,904	112,098
7. General Liability Insurance	50,952	56,049
8. Collection Services	81,523	89,679
9. Interpretation Services	30,571	33,629
10. Travel/Meals/Education	71,333	78,469
11.		
12.		
13.		
14		
15.		
Total Other Expenses	$ 1,497,993	$ 1,647,845

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

	Project Previous Year	Project Current Year	Project Year One	Project Year Two	% Change (Current Yr to Yr2)
Gross Charge (Gross Operating Revenue/Case)	$8,101	$8,312	$10,048	$10,525	4.75%
Deduction from Revenue (Total Deductions/Case)	$6,245	$6,317	$7,536	$7,894	4.75%
Average Net Charge (Net Operating Revenue/Case)	$1,856	$1,995	$2,512	$2,631	4.74%

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

Please see the response to question C immediately below, and the tables which it references, for information on charges of the project.

The revenue from the project is ongoing revenue of a facility that is just being relocated to an adjacent lot. The applicant's charges are projected to increase at a normal 4.75% annually. There will be an increase in the complexity and costs of orthopedic cases as joint replacements and other complex cases continue to move into the surgery center environment over future years. Because of this, the average case charge for the facility will increase slightly faster per year between CY2017 and Year One at the new location. This is reflected in Table B-Economic Feasibility-5C(1) on the second following page.

C. 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).

Table B-Economic Feasibility-5C (1) on the following page shows the most recent charge data reported in the FYE 2016 Joint Annual Reports of area multispecialty surgery centers, comparing them to the applicant's charges in that year and projected for CY 2020 at the proposed new location. Although the applicant's FYE 2016 average net revenue per case compared favorably to those of other facilities, it is difficult to draw any meaningful conclusion from that, because JAR data is not specific to types of cases. Case types vary among these facilities. Because gross charges differ significantly between case types, average charges and revenues over all types of cases are of minimal value in comparing facility charges.

Table B-Economic Feasibility-5C(2) on the second following page provides the applicant's current and projected average charges for frequently performed surgical procedures, currently and in Years One and Two of the project. This table also provides current Medicare reimbursement for those procedures.

Table Table B-Economic Feasibility-5C (1): FYE 2016 Charges of Service Area Multispecialty ASTC Facilities Compared to Applicant's Charges

Facility	FYE 2016 Total Cases (JAR)	Gross Charges	Net Revenue	Charges Per Case	Net Revenue Per Case
Baptist Germantown Surgery Center	3,861	$18,990,762	$5,562,811	$4,919	$1,441
East Memphis Surgery Center	5,401	$28,707,854	$7,243,337	$5,315	$1,341
LeBonheur East Surgery Center II	2,462	$19,455,281	$6,085,400	$7,902	$2,472
Memphis Surgery Center	1,686	$15,141,096	$2,954,856	$8,980	$1,753
Methodist Surgery Center Germantown	5,235	$28,670,508	$10,283,022	$5,477	$1,964
North Surgery Center	3,543	$16,789,584	$4,955,776	$4,739	$1,399
Surgery Center at St. Francis	6,737	$43,451,900	$12,504,831	$6,450	$1,856
Campbell Clinic Surgery Center **FYE 2016**	6,788	$51,904,252	$11,732,240	$7,646	$1,728
*Campbell Clinic Surgery Center **CY 2020***	*11,050*	*$101,904,284*	*$25,476,071*	*$9,222*	*$2,306*

RANKED BY NET REVENUE PER CASE

Facility	FYE 2016 Total Cases (JAR)	Gross Charges	Net Revenue	Charges Per Case	Net Revenue Per Case
LeBonheur East Surgery Center II	2,462	$19,455,281	$6,085,400	$7,902	$2,472
Methodist Surgery Center Germantown	5,235	$28,670,508	$10,283,022	$5,477	$1,964
Surgery Center at St. Francis	6,737	$43,451,900	$12,504,831	$6,450	$1,856
Memphis Surgery Center	1,686	$15,141,096	$2,954,856	$8,980	$1,753
Campbell Clinic Surgery Center FYE 2016	**6,788**	**$51,904,252**	**$11,732,240**	**$7,646**	**$1,728**
Baptist Germantown Surgery Center	3,861	$18,990,762	$5,562,811	$4,919	$1,441
North Surgery Center	3,543	$16,789,584	$4,955,776	$4,739	$1,399
East Memphis Surgery Center	5,401	$28,707,854	$7,243,337	$5,315	$1,341

Source: 2016 Joint Annual Reports for Surgery Centers; 2020 case projection by applicant.

Table B-Economic Feasibility-5C(2): Campbell Clinic Surgery Center Charge Data for Most Frequent Procedures

SERVICE: ORTHOPEDIC SURGERY

CPT	Descriptor	2017 Medicare Allowable	Average Gross Charge		
			CY 2017 Current	CY 2020 Year 1	CY 2021 Year 2
29881	Arthscope, Knee with Men. Rep.	$1,146	$14,373	$16,520	$17,305
29888	Arthrosopic Aided ACL Recon.	$2,491	$15,681	$18,023	$18,879
26055	Tendon Sheath Inc. Trigger Fin.	$654	$2,537	$2,916	$3,055
20680	Removal hardware/Deep	$970	$4,775	$5,488	$5,749
28285	Correction of hammertoe	$1,146	$3,502	$4,025	$4,216
64721	Neuroplasty/Carpal Tunnel	$742	$4,471	$5,139	$5,383
29826	Subacromial Decomp. Shoulder	n/a	$6,182	$7,105	$7,443
20670	Removal Implant/Superficial	$490	$1,793	$2,061	$2,159
28296	Mitchell/Chevron Bunionectomy	$1,146	$9,236	$10,616	$11,120
25111	Excision of Ganglion/ Wrist	$654	$2,686	$3,087	$3,234
29827	Arthrosc/Shoulder with R.C. Rep.	$2,491	$10,875	$12,499	$13,093
27680	Tedonlysis/Extensor/Ankle	$1,146	$4,613	$5,302	$5,554
64718	Neuroplasty/Cranial Nerve	$742	$5,581	$6,415	$6,719
29806	Arthrosc/Shoulder Surg. Capsulo	$2,491	$14,520	$16,689	$17,482
29880	Arthroscope,Knee with Menisec.	$1,146	$14,373	$16,520	$17,305
28288	Ostectomy, Partial Exos./Condyle.	$1,146	$1,716	$1,972	$2,066

SERVICE: PAIN MANAGEMENT

CPT	Descriptor	2017 Medicare Allowable	Average Gross Charge		
			CY 2017 Current	CY 2020_ Year 1	CY 2021__ Year 2
64483	Anesth./Steroid, Transforam. Inj.	$325	$2,090	$2,402	$2,516
64484	Inj. Anes/Steroid Epidural, Ad Lev	n/a	$1,045	$1,201	$1,259
62323	Injection/Lumbar-Sacral caudle	$258	$2,090	$2,402	$2,516
62321	Inj. Single Cervical/Thoracic	$258	$2,090	$2,402	$2,516
64494	2nd level Facet/Paravertebral	n/a	$1,045	$1,201	$1,259
64495	3rd level Facet/Paravertebral	n/a	$1,045	$1,201	$1,259
G0260	Si Joint Injection	n/a	$1,624	$1,867	$1,955
64491	2nd level Facet - Cervical/Thorac.	n/a	$1,045	$1,201	$1,259

Source: Clinic Administration. 4.75% average annual increase.

6.A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved.

This facility is already exceeding financial breakeven. When moved approximately 100 feet to its new MOB location on adjoining land, it will continue to exceed breakeven. As demonstrated in the Project Cost Chart, there will be positive cash flow in Year One and thereafter.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project.

Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. NOTE: Publicly held entities only need to reference their SEC filings.

See Attachment Section B-Economic Feasibility-6A.

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

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

	2nd Yr Previous to Current Yr	1st Yr Previous to Current Yr	Current Yr	Projected Yr 1	Projected Yr 2
Net Operating Margin Ratio	0.24	0.25	0.26	0.26	0.27

C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100).
For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

The project anticipates 100% funding by First Tennessee Bank, so this question is not applicable.

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

Applicant's Projected Payor Mix, Year 1		
Payor Source	**Projected Gross Operating Revenue**	**As a Percent of Total Revenue**
Medicare/Medicare Managed Care	$17,548,406	17.2%
TennCare/Medicaid	$11,229,644	11.0%
Commercial/Other Managed Care	$68,274,107	67%
Self-Pay	$180,582	.18%
Charity Care	$0	0
Other	$4,671,545	4.6%
Total	$101,904,284	100%

Note: Entries are rounded.

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

Please see the staffing table on the following page.

Table B-Economic Feasibility-8: Campbell Clinic Surgery Center Current and Projected Staffing				
Position Classification	**Existing FTEs (NA)**	**Projected FTEs (Yr 1)**	**Average Annual Salary (Contractual Rate)**	**Areawide / Statewide Average Salary**
A. Direct Patient Care Positions				
Registered Nurse	22.00	44.00	$66,560	
Certified Surgical Technologist	5.00	10.00	$47,840	
fied Nurse's Assistant/Transportation Aide	0.00	2.00	$33,280	
etc				
Total Direct Patient Care Positions	27.00	56.00		
B. Non-Patient Care Positions				
Administrator	1.00	1.00	$150,000	
Business Office Manager	1.00	1.00	$66,000	
Materials Management	1.00	1.00	$48,500	
Biller/Coder	1.00	2.00	$45,760	
Scheduling/ Insurance Verifier	1.00	2.00	$42,600	
Collector	1.00	2.00	$45,760	
Receptionist	1.00	1.00	$49,210	
Housekeeper	1.00	1.00	$37,440	
Total Non-Patient Care Positions	8.00	11.00		
Total Employees (A + B)				
C. Contractual Staff				
Business Support Staff	1.00	1.00		
Total Staff (A+B+C)	36.00	68.00		

Source: Clinic management.

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

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

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

In 2012, the Campbell Clinic Surgery Center received approval to add surgical capacity of this scope to its existing building through a combination of renovation and new construction. However, in 2015 several factors were identified which determined the initial alternative was less than optimal. These factors have been discussed in detail in three preceding sections of the application.

The alternative of using another provider for CCSC cases is not a viable alternative, based on the following considerations. Use of other providers' facilities would reduce the CCSC control of facility staff, supplies, equipment and scheduling. Use of other providers' facilities would complicate the CCSC's quality management processes, and its management of residency and fellowship training in an ASTC environment. Additionally, doing so would impose needless travel time burdens on the medical staff. And, other facilities' electronic medical records systems would not be the same as the one at the CCSC, creating inefficiencies in maintenance of a unified medical electronic record for all CCSC patients and staff.

The 2012 application stated that building another surgery center would be more costly than the expansion then being proposed. While true, the applicant and its architects have concluded that there are a number of other factors, cited previously in the application, which more than mitigate the cost differential.

Because of these factors, and by virtue of the availability of an existing ASTC being for sale, CCSC logically elected to obtain more capacity temporarily, via the acquisition of a second surgery center at another location closer to its Mississippi and Arkansas patients, and to continue with the longer-term plan for this proposed replacement facility on its Germantown campus.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

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

The applicant has an emergency transfer agreement with Methodist LeBonheur Germantown Hospital. The applicant's physicians participate in educational and training programs of the University of Tennessee Medical School in Memphis; and they serve patients at Region One Health, Methodist LeBonheur Children's Hospital, Methodist University Hospital, and Baptist Memorial Hospitals, as well as other Memphis hospitals.

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

A. Positive Effects

This proposal will allow one of the area's most significant facilities to implement added surgical capacity that has already been approved--but in a way that will permit the Campbell Clinic to expand its physician practice office space, through repurposing an existing building on its campus, and to make better use of its entire campus.

The project will allow for redistribution of the CCSC's caseloads among its two ASTC facilities (Midtown and Germantown) to achieve optimal accessibility for patients and to concentrate operations more efficiently than at present.

The project will also provide an updated physical facility for CCSC patients choosing to have ambulatory surgery at its Germantown facility. The completely new facility in the new MOB will have improved surgical rooms, more recovery stations to avoid bottlenecks in the ORs, better support spaces, improved parking, and other advantages over the current surgery center building.

The replacement facility will realize these benefits without having to interrupt or impede performance of cases at the existing CCSC building, as would be necessary with an extended phased renovation and new construction associated with the initial expansion project.

B. Negative Effects

The applicant knows of no negative effects. The proposed surgical room capacity has been approved but unimplemented for several years. This is basically a plan to allocate the parent

organization's own patients between its two surgery center locations in a way that makes it possible to utilize an existing CCSC building for clinical expansions that are also needed on this campus.

Case projections do not contemplate moving surgeries from other providers' facilities, since virtually all ambulatory surgery cases performed by Campbell Clinic surgeons are performed only at the Campbell Clinic Surgery Center(s).

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

The CCSC is an outstanding work environment and does not anticipate having difficulty filling the additional 32 positions. The facility has an excellent reputation and working environment, which has not failed to attract all required support staff as workloads increased over the years. The Clinic was recently honored to be selected locally as a "Top Workplace", indicative of the quality of the organization as an employer of choice in the Memphis metropolitan area.

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

The applicant so verifies.

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

Campbell Clinic is an internationally recognized group of orthopaedic surgeons that has been a national and international leader in its field of surgery for over a century.

Dr. Willis Campbell, organized the first Department of Orthopaedic Surgery at the UT College of Medicine. Today the department is officially designated "the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery". All Campbell Clinic surgeons have faculty appointments in the department and work closely with its research scientists. As of January 2018, its active surgery center staff will consist of 47 Campbell Clinic practitioners, of whom 42 are orthopaedic surgeons and 5 are physiatrists (physical medicine and rehabilitation specialists). All are Board-certified except for recent recruits from residency, who are required to practice for two years prior to certification. The majority are subspecialty-trained and fellowship-trained.

Dr. Campbell and his successors at the Clinic wrote and continuously update the definitive reference work Campbell's Operative Orthopaedics, a textbook that is in worldwide use and is often refered to as "the Bible of orthopaedic surgery" (now in its 13th Edition in 7 languages). Campbell Clinic specialists established the orthopaedic residency program at UT College of Medicine, which has trained more than 450 orthopaedic surgeons. During their five-year program, orthopaedic residents work at the CCSC for multiple 3-month rotations for subspecialty training, under the supervision of Campbell Clinic surgeons. Their affiliated Campbell Foundation develops clinical leadership through funding and managing 12-month fellowship training programs for subspecialists, who train at the CCSC and at area hospitals such as the Regional One Health, LeBonheur Children's Hospital, and the Methodist and Baptist Healthcare systems.

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

Licensure:

Board for Licensure of Healthcare Facilities, Tennessee Department of Health

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

Medicare Certification from CMS
TennCare (Medicaid) Certification from TDH

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

Accreditation Association for Ambulatory Health Care, Inc.

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

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Accreditation Association for Ambulatory Health Care (AAAHC).

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

See Attachment Section B-Orderly Development-4B.

C. Document and explain inspections within the past three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23- ore 90-day termination proceedings from Medicare or Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.
(1) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

None of the preceding actions has occurred.

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

A. Has any of the following:
(1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
(2) Any entity in which any person(s) or entity with more than 5% ownership (direct of indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
(3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than5%...

B. Been subjected to any of the following:
(1) Final Order or Judgment in a State licensure action;
(2) Criminal fines in cases involving a Federal or State health care offense;
(3) Civil monetary penalties in cases involving a Federal or State health care offense;
(4) Administrative monetary penalties in cases involving a Federal or State health care offense;
(5) Agreement to pay civil or monetary penalties to the Federal government or any State in cases involving claims related to the provision of health care items and services; and/or
(6) Suspension or termination of participation in Medicare or Medicaid/TennCare programs;
(7) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware;
(8) Is presently subject to a corporate integrity agreement.

To the best of the applicant's knowledge, none of the persons or entities in question 5A above has been subjected to any of the sanctions listed in question 5B above.

6. Outstanding Projects:

a. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and
b. Provide a brief description of the current progress, and status of each applicable outstanding CON.

Outstanding Projects					
			Annual Progress Report*		
CON Number	Project Name	Date Approved	Due Date	Date Filed	Expiration Date
CN1208-040	Campbell Clinic Surgery Center Expansion	11-14-12	next due 1-1-18	last filed December 2017	1-1-2019
Status: Unimplemented. Valid under extensions from HSDA. To be surrendered upon approval of this CON application.					

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

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

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

No.

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

Not applicable.

c. If yes, have you submitted their utilization to HSDA? If you have, what was the date of the submission?

Facility	Date of HSDA Registration	Date of Last Utilization Submittal

Not applicable.

QUALITY MEASURES

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

The applicant so verifies.

SECTION C: STATE HEALTH PLAN QUESTIONS

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

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

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

This project is needed to continue to provide state-of-the-art orthopaedic and pain management care to patients of the Campbell Clinic, whose physicians are nationally and internationally recognized for their high quality of care and for for their role in education and training of orthopaedic specialists.

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

The project will improve the current accessibility of this Germantown campus to patients of the service area. At present, many patients who would prefer being served at the Germantown surgery center must be scheduled for service at the applicant's Midtown surgery center. Enlarging the surgical room complement at Germantown will enable more patients to be served at a state-of-the-art facility.

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

The project obviously serves the healthcare needs of thousands of patients who seek care each year from Campbell Clinic's renowned staff of orthopaedic specialists.

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

This facility has long been a leader in quality of care for its patients. It is fully accredited and licensed, and is a teaching facility for physicians who rotate through its OR's learning to deliver high-quality, advanced orthopaedic surgical care processes.

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

The project will expand opportunities for physicians, patients, and supporting clinical staff to experience and learn from leading physicians in the orthopaedic field.

PROOF OF PUBLICATION

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

The full page with the notice has been filed with this application. A photocopy of the publication follows this page.

NOTIFICATION REQUIREMENTS

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

Note that T.C.A. §68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the member(s) of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant."

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

Please provide documentation of these notifications.

Not applicable.

ages for the HELENA/WEST HELENA HIGH SCHOOL BUILDING PACKAGE for the HELENA/WEST HELENA SCHOOL DISTRICT. The Construction Manager/General Contractor, Baldwin & Shell Construction Company, will receive bids at their offices located at 1000 WEST CAPITOL AVE., LITTLE ROCK, AR 72201, on December 19, 2017 at 3:00 pm local time.

Once the time to receive bids has past, bids received will be privately opened. Bids offered after the time to receive bids has passed will not be accepted.

The following Trade Contract Bid Packages will be bid at this time:

1. Building Demolition (previously awarded)
2. Interior Demolition
3. Earthwork
4. Storm Drainage
5. Site Utilities
6. Earthwork & Storm Drainage (Combo of Packages 3 & 4)
7. Storm Drainage & Site Utilities (Combo of Packages 4 & 5)
8. Earthwork, Storm Drainage, & Site Utilities (Combo of Packages 3, 4, & 5)
9. Asphalt Paving
10. Fencing
11. Landscaping
12. Artificial Turf
13. Retaining Walls
14. Building & Site Concrete
15. Masonry
16. Structural Steel Erection
17. Structural Steel Turnkey (Combo of Packages 16 & 47)
18. Rough Carpentry
19. Finish Carpentry, Millwork, & Casework
20. Waterproofing, Air Barriers, & Joint Sealants
21. Membrane Roofing
22. Miscellaneous Installation
23. Flagpoles
24. Overhead Doors

of a Material Bond. All bidders shall meet Baldwin and Shell's Contract Requirements including execution of the attached Baldwin and Shell Standard Subcontract, Purchase Order, Payment Bond and Performance Bond, and Baldwin and Shell Standard Form for Pay Application, and must comply with Baldwin and Shell's policies on Illegal Immigration.

Bidders shall conform to the requirements of the Arkansas licensing laws and regulations for contractors, and shall be licensed before a bid is submitted.

Both the Owner and Construction Manager/General Contractor reserve the right to reject any and all bids, and to waive any formalities.

BALDWIN & SHELL CONSTRUCTION CO.
CONSTRUCTION MANAGER
1000 WEST CAPITOL AVENUE
LITTLE ROCK, ARKANSAS 72201

ADVERTISEMENT FOR BIDS -

The Board of Education of the Shelby County Schools will accept written bids for the Sale of Property in Memphis, TN – Whites Chapel Elementary School at 3966 Sewanee Road, Memphis, TN 38109. Please forward all sealed bids to: Office of Facility Planning and Property Management, 160 S. Hollywood, Memphis, TN 38112, Room 114. The deadline for submitting your bid is January 8, 2017. Questions concerning bids should be addressed to Tiffany Bracy, 901.416.4716 or emailed to bracyt@scsk12.org. Thank you for supporting Shelby County Schools.

38002

However, by showing this address no additional coverage is provided

The street address and parcel number(s) of the above described property are believed to be correct; however, such references are not a part of the legal description of the property sold herein, and, in the event of any discrepancy, the legal description herein shall control

Current Owner(s) of Property: Lynda S. Shepherd and Robert D. Shepherd

Other Interested Parties: Kensington P.D. Owners Association, Inc

This sale is subject to tenant(s)/occupant(s) rights in possession.

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property: Lynda S. Shepherd, Robert D. Shepherd and Kensington P.D. Owners Association, Inc.

If the United States or the State of Tennessee have any liens or claimed lien(s) on the Property, and are named herein as interested parties, timely notice has been given to the applicable governmental entity, and the sale will be subject to any applicable rights of

SALE IS SUBJECT TO OCCUPANT(S) RIGHTS IN POSSESSION.

THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TERMS OF SALE ARE CASH. ANY TAXES OR FEES WILL BE THE RESPONSIBILITY OF THE PURCHASER. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER AT THE SALE SHALL BE ENTITLED ONLY TO A RETURN OF THE PURCHASE PRICE. THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

OTHER INTERESTED PARTIES: TRUSTMARK NATIONAL BANK

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 35-5-101 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, but the undersigned will sell and convey only as Substitute Trustee.

If the U.S. Department of Treasury/IRS, the State of Tennessee Department of Revenue, or the State of Tennessee Department of Labor or Workforce Development are listed as Interested Parties in the advertisement,

Legal Notices

Legal Notices

NOTIFICATION OF INTENT
TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Campbell Clinic Surgery Center (an ambulatory surgical treatment center), owned and managed by Campbell Clinic Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to replace its facility currently located at 1410 Brierbrook Road, Germantown, TN 38138, with a new facility in leased space at an unaddressed site on the south side of Wolf River Boulevard, 525 feet east of its intersection with Germantown Road. The project cost is estimated at $21,486,000.

The project is to replace the applicant's unimplemented CN1208-040A, which was granted to expand the present facility at its current location, from 4 operating rooms and 1 procedure room, to 8 operating rooms and 2 procedure rooms. This replacement project will site the approved surgical capacity at a new location on an adjoining lot that fronts Wolf River Boulevard. The project does not include major medical equipment, additional health services, changes in scope of service, or changes in ownership.

The facility is licensed by the Board for Licensing Health Care Facilities as an ambulatory surgical treatment center. Its services are limited to orthopedics and pain management.

The anticipated date of filing the application is on or before December 15, 2017. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

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

Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection 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.

MC-1850482

DEVELOPMENT SCHEDULE

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

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
2. **If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,* please state below any request for an extended schedule and document the "good cause" for such an extension.**

An extended schedule is not requested.

PROJECT COMPLETION FORECAST CHART

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

Projected Decision Date if Granted Consent Calendar Review: February 28, 2018

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Initial HSDA Decision Date	--	Feb 2018
1. Architectural & engineering contract signed	prior to Feb 2018	Nov 2017
2. Construction documents approved by TDH	90	May 2018
3. Construction contract signed	120	June 2018
4. Building permit secured	150	July 2018
5. Site preparation completed	240	Oct 2018
6. Building construction commenced	300	Dec 2018
7. Construction 40% complete	420	April 2019
8. Construction 80% complete	480	June 2019
9. Construction 100% complete	500	Oct 2019
10. * Issuance of license	530	Nov 2019
11. *Initiation of service	540	Nov 2019
12. Final architectural certification of payment	620	Feb 2019
13. Final Project Report Form (HF0055)	680	April 2020

*** For projects that DO NOT involve construction or renovation: please complete items 11-12 only.**

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

DEC 14 '17 PM 1:55

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent 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 to the best of the agent's knowledge.

John L Wellborn

SIGNATURE/TITLE
CONSULTANT

Sworn to and subscribed before me this 13th day of December (Month) 2017 (Year) a Notary Public in and for the County/State of DAVIDSON

JAMES M. DANFORTH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires July 2, 2018

NOTARY PUBLIC

My commission expires July 2 (Month/Day), 2018 (Year).

INDEX OF ATTACHMENTS

Section A

A-4A	Legal Status and Ownership Structure of Applicant
A-6A	Site Control Documentation
A-6B(1)a-d	Plot Plan
A-6B(2)	Floor Plan

Section B

B-Need-3	Service Area Map
B-Economic Feasibility-1E	Documentation of Construction Cost Estimate
B-Economic Feasibility-2	Documentation of Funding/Financing Availability
B-Economic Feasibility-6A	Applicant's Financial Statements
B-Orderly Development-4B	Licensure and Accreditation Findings and Corrections

Other Attachments

Proof of Publication	
Miscellaneous Information	Articles Projecting Increases in Joint Surgery Cases TennCare Enrollment

A-4A
Legal Status and Ownership Structure of Applicant

Board for Licensing Health Care Facilities

State of Tennessee

License No. 0000000138

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

CAMPBELL CLINIC SURGERY CENTERLLC *to conduct and maintain*

an Ambulatory Surgical Treatment Center CAMPBELL CLINIC SURGERY CENTER, LLC

Located at 1410 BRIERBROOK ROAD, GERMANTOWN

County of SHELBY *, Tennessee.*

This license shall expire APRIL 30 *,* 2018 *, 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 3RD *day of* FEBRUARY *,* 2017 *.*

In the Speciality(ies) of: OTHER

By Vincent J. Davis, MPH

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By John J. Dreyzehner, MD

COMMISSIONER

ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

April 16, 2015

Organization #:	**22743**
Organization:	**Campbell Clinic Surgery Center, LLC**
Address:	**1410 Brierbrook Rd**
City, State, Zip:	**Germantown, TN 38138-2257**
Decision Recipient:	**Cynthia Armistead, BS, RN**
Survey Date:	**March 30-31, 2015**

Type of Survey: **Re-Accreditation**

Accreditation Term Begins: **May 22, 2015** **Accreditation Term Expires:** **May 21, 2018**

Accreditation Renewal Code: **954139de22743**
Complimentary study participation code: **22743FREEIQI**
Satellites: **See page 2**

Granting accreditation reflects confidence, based on evidence from this recent survey that you meet, and will continue to demonstrate throughout the accreditation term, the attributes of an accreditable organization, as reflected in the standards found in the *Accreditation Handbook for Ambulatory Health Care*. The dedication and effort necessary for an organization to be accredited is substantial and the compliance with those standards implies a commitment to continual self-evaluation and continuous improvement.

We hope the survey has been beneficial to your organization in identifying its strengths and opportunities to improve. AAAHC trusts that you will continue to find the accreditation experience meaningful, not only from the benefit of having carefully reviewed your own operation, but also from the recognition brought by your participation in this survey process.

Members of your organization should take time to review your Survey Report, which may arrive separately:

- Any standard marked "PC" (Partially Compliant) or "NC" (Non-Compliant) must be corrected promptly. Subsequent surveys by the AAAHC will seek evidence that deficiencies from this survey were addressed without delay.
- The Summary Table provides an overview of compliance for each chapter applicable to the organization.
- Statements in the "Consultative Comments" sections of the report represent the educational component of the survey. Such comments may provide helpful guidance for improvement.
- As a guide to the ongoing process of self-evaluation, periodic review of the Survey Report and the current year's *Handbook* will ensure the organization's ongoing compliance with the standards throughout the term of accreditation.

AAAHC policies and procedures and standards are revised on an annual basis, such revisions become effective March 1 each year. Accredited organizations are required to maintain their operations in compliance with the current AAAHC standards and policies. Therefore, the organization is encouraged to visit the AAAHC website, www.aaahc.org, for information pertaining to any revisions to AAAHC policies and procedures and standards.

In order to ensure continuation of accreditation, your organization should submit an application for survey approximately five months prior to your accreditation expiration. According to our *Accreditation Handbook*,

Currently-accredited organizations must complete and submit the Application for Survey, supporting documentation, and application fee for their subsequent full accreditation survey (referred to as a re-accreditation survey). Please visit www.aaahc.org to complete the Application for Survey and for further information. After review of an organization's completed Application for Survey and supporting documentation, the AAAHC will contact the organization to establish survey dates. To prevent a lapse in accreditation, an organization should ensure that all documentation is submitted to the AAAHC at least five (5) months prior to its accreditation expiration date. In states where accreditation is mandated by law, an organization should submit the completed Application for Survey and other required documentation a minimum of six (6) months prior to its accreditation expiration date.

For submission of an application for survey, your organization will need the "*accreditation renewal code*" located underneath the accreditation expiration date.

You will notice that you have a "*complimentary study participation code*" at the top of this letter. You may use this to register for one of the AAAHC Institute for Quality Improvement's studies. Please visit www.aaahc.org/institute for additional information or contact Michelle Chappell, at 847-324-7747 or mchappell@aaahc.org.

If you have any questions or comments about any portion of the accreditation process, please contact the AAAHC Accreditation Services department at (847) 853-6060.

Satellites:

Campbell Clinic Surgery Center, LLC - Midtown
255 S. Pauline
Memphis, TN 38104

Business Information Search

As of December 08, 2017 we have processed all corporate filings received in our office through December 07, 2017 and all annual reports received in our office through December 07, 2017.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

Search: 1-1 of 1

Search Name: Campbell Clinic Surgery Center, LLC Starts With Contains

Control #:

Active Entities Only: Search

Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
000392085	LLC	Campbell Clinic Surgery Center, L.L.C. *TENNESSEE*	Entity	Active	07/06/2000	Active

1-1 of 1

Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database, the full database can be downloaded for a fee by Clicking Here.

Click Here for information on the Business Services Online Search logic.

Division of Business Services
312 Rosa L. Parks Avenue, Snodgrass Tower, 6th Floor
Nashville, TN 37243
615-741-2286
8:00 a.m. until 4:30 p.m. (Central) Monday - Friday.
Directions | State Holidays | Methods of Payment

Business Filings and Information (615) 741-2286 | TNSOS.CORPINFO@tn.gov
Certified Copies and Certificate of Existence (615) 741-6488 | TNSOS.CERT@tn.gov
Motor Vehicle Temporary Liens (615) 741-0529 | TNSOS.MVTL@tn.gov
Notary Commissions (615) 741-3699 | TNSOS.ATS@tn.gov
Uniform Commercial Code (UCC) (615) 741-3276 | TNSOS.UCC@tn.gov
Workers' Compensation Exemption Registrations (615) 741-0526 | TNSOS.WCER@tn.gov
Apostilles & Authentications (615) 741-0536 | TNSOS.ATS@tn.gov
Summons (615) 741-1799 | TNSOS.ATS@tn.gov
Trademarks (615) 741-0531 | TNSOS.ATS@tn.gov
Nonresident Fiduciaries (615) 741-0536 | TNSOS.ATS@tn.gov

Business Information Search

As of December 08, 2017 we have processed all corporate filings received in our office through December 07, 2017 and all annual reports received in our office through December 07, 2017.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

Search: 1-1 of 1

Search Name: Campbell Clinic, P.C. Starts With Contains

Control #:

Active Entities Only: Search

Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
000056172	CORP	CAMPBELL CLINIC, P.C. *TENNESSEE*	Entity	Active	12/22/1969	Active

1-1 of 1

Information about individual business entities can be queried, viewed and printed using this search tool for free.

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Trademarks (615) 741-0531 | TNSOS.ATS@tn.gov
Nonresident Fiduciaries (615) 741-0536 | TNSOS.ATS@tn.gov

FILED
RECEIVED
STATE OF TENNESSEE
2011 APR 29 PM 2:58
TRE HARGETT
SECRETARY OF STATE

6886-1326

State of Tennessee

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

ARTICLES OF AMENDMENT TO ARTICLES OF ORGANIZATIONS (LLC)

For Office Use Only

LIMITED LIABILITY COMPANY CONTROL NUMBER (IF KNOWN) 000392085

PURSUANT TO THE PROVISIONS OF §48-209-104 OF THE TENNESSEE LIMITED LIABILITY COMPANY ACT OR §48-249-204 OF THE TENNESSEE REVISED LIMITED LIABILITY COMPANY ACT, THE UNDERSIGNED ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS ARTICLES OF ORGANIZATION:

PLEASE MARK THE BLOCK THAT APPLIES:

☒ AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.

☐ AMENDMENT IS TO BE EFFECTIVE _____, _____ (DATE) _____ (TIME).

(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

1. PLEASE INSERT THE NAME OF THE LIMITED LIABILITY COMPANY AS IT APPEARS ON RECORD: Campbell Surgery Center, L.L.C.

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:

Campbell Clinic Surgery Center, L.L.C.

2. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS: _____
STREET ADDRESS

CITY | STATE/COUNTY | ZIP CODE

B. REGISTERED AGENT: _____

C. REGISTERED ADDRESS: _____
STREET

TN

CITY | STATE | ZIP CODE | COUNTY

D. OTHER CHANGES: This L.L.C. elects to be governed by the Tennessee Revised Limited Liability Company Act.*

*See attachment for further changes

3. THE AMENDMENT WAS DULY ADOPTED ON 04 26 2011
MONTH DAY YEAR

(If the amendment is filed pursuant to the provision of §48-209-104 of the TN LLC Act, please also complete the following by checking one of the two boxes:) AND THE AMENDMENT WAS DULY ADOPTED BY THE

☐ BOARD OF GOVERNORS WITHOUT MEMBER APPROVAL AS SUCH WAS NOT REQUIRED

☒ MEMBERS

CEO Campbell Clinic
SIGNER'S CAPACITY

SIGNATURE

Jorge A. Hernandez
NAME OF SIGNER (TYPED OR PRINTED)

SS-4247 (REV. 01/06) Filing Fee: $20.00 RDA 2458

RECEIVED
STATE OF TENNESSEE
2011 APR 29 PM 2:58
TRE HARGETT
SECRETARY OF STATE

ATTACHMENT TO
ARTICLES OF AMENDMENT
TO ARTICLES OF ORGANIZATION
(LLC)

Limited Liability Company Control Number: 000392085

5886-1377

2. **PLEASE INSERT ANY CHANGES THAT APPLY:**

D. **Section 6 of the Amended Articles of Organization is hereby deleted. Inserted in the place of Section 6 of the Amended Articles of Organization is the following:**

Management. The Limited Liability Company will be director-managed.

Secretary of State
Corporations Section
es K. Polk Building, Suite 1800
hville, Tennessee 37243-0306

DATE: 07/06/00
REQUEST NUMBER: 3945-1301
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 07/06/00 0953
EFFECTIVE DATE/TIME: 07/06/00 0953
CONTROL NUMBER: 0392085

TO:
TSIO
PO BOX 330007

NASHVILLE, TN 37212

RE:
CAMPBELL SURGERY CENTER, L.L.C.
ARTICLES OF ORGANIZATION -
LIMITED LIABILITY COMPANY

CONGRATULATIONS UPON THE FORMATION OF THE LIMITED LIABILITY COMPANY IN THE STATE OF TENNESSEE WHICH IS EFFECTIVE AS INDICATED ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF TH LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY COMPANY TO ADMINISTRATIVE DISSOLUTION.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE. PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A LIMITED LIABILITY COMPANY HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: ARTICLES OF ORGANIZATION -
LIMITED LIABILITY COMPANY

ON DATE: 07/06/00

	FEES	
RECEIVED:	$300.00	$0.00
TOTAL PAYMENT RECEIVED:		$300.00

FROM:
TSIO
PO BOX 330007

NASHVILLE, TN 37212-0000

RECEIPT NUMBER: 0000270831
ACCOUNT NUMBER: 00333725

Riley C Darnell

RILEY C. DARNELL
SECRETARY OF STATE

3945 1301

RECEIVED

00 JUL -6 AM 9:52

SECRETARY OF STATE

ARTICLES OF ORGANIZATION

OF

CAMPBELL SURGERY CENTER, L.L.C.

FILED

THE UNDERSIGNED, desiring to form a Limited Liability Company under and pursuant to Tennessee Code §48-201-101, et seq., do hereby certify as follows:

1. **Name.** The name of the Limited Liability Company shall be CAMPBELL SURGERY CENTER, L.L.C. (the "L.L.C.")

2. **Address.** The initial registered office of the L.L.C. shall be located at:

   1400 S. Germantown Rd.
   Memphis, TN 38138
   Shelby County

3. **Initial Registered Agent.** The initial registered agent at the address noted in Paragraph 2 shall be: John M. Vines.

4. **Organizers.** The organizer of the L.L.C. is:

   Richard E. M. Nichol, Jr.
   81 Monroe Avenue
   Memphis, Tennessee 38103

5. **Number of Members at the Time of Filing.** There is one (1) member of the L.L.C. as of the date of the filing of these articles.

6. **Management.** The L.L.C. shall be member-managed.

7. **Office of the L.L.C.** The principal executive office of the L.L.C. shall be located at:

   1400 S. Germantown Rd.
   Memphis, TN 38138
   Shelby County

8. **Expulsion.** The L.L.C. has the power to expel a member only as provided in the Operating Agreement.

9. **Preemptive Rights.** The members of the L.L.C. have preemptive rights only as provided in the Operating Agreement.

10. **Indemnification.** A. The company shall indemnify any person who is or was a party, or who is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals, by reason of the fact that he or she is or was a member, governor, manager or employee of the company, or is or was serving at the request of the company as a manager, governor, director, trustee, officer or employee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against any and all expenses (including attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement, which were actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if:

(1) He or she acted in good faith; and

(2) He or she reasonably believed:

(a) In the case of conduct in his official capacity within the Company that his conduct was in its best interest; and

(b) In all other cases, that his conduct was at least not opposed to its best interests; and

(3) In the case of any criminal proceeding, he had no reasonable cause to believe his conduct unlawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or at least not opposed to, the best interests of the company.

B. In the event of actions or proceedings in which a governor, manager, member or employee has not been wholly successful on the merits or otherwise in the defense of a civil or criminal action of the character described above (including actions terminated by judgment, settlement, conviction or upon a plea of nolo contendere (or its equivalent), any indemnification shall be made only after authorization as provided in T.C.A. 48-243-101(f).

C. Expenses of each person indemnified hereunder, incurred in defending against a civil, criminal, administrative or investigative action, suit or proceeding (including

all appeals) or threat thereof will be paid by the company in advance of the final disposition of such action, suit or proceeding, if:

(1) The person furnishes the L.L.C. a written affirmation of his good faith belief that he has met the standard of conduct described in subparagraph A above;

(2) The person furnishes the L.L.C. a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he is not entitled to indemnification; and

(3) A determination as specified in T.C.A. 48-243-101(f) is made that the facts then known in the case would not preclude indemnification under this part.

D. Such indemnity shall be affected only in the event the company shall have actual notice of such action or proceeding within a reasonable time after its institution in the form of written notice from the interested governor, manager, member or employee; such indemnity shall be applicable whether or not the person claiming the benefit thereof continues to be a governor, manager, member or employee of the company at the time the liabilities, costs or expenses in respect of which indemnity is claimed are incurred; such indemnity shall inure to the benefit of the heirs, executors or administrators of each governor, manager, member or employee; such indemnity shall not be exclusive of any other right of said governor, manager, member or employee; and notwithstanding the amendment or appeal of this article's provision, the same shall continue to bind the company to provide indemnity to the extent above specified in respect of all such liabilities, costs and expenses incurred to and including the date of such amendment or repeal.

E. In no event shall the rights contained herein be construed to enlarge the rights of indemnification permitted under laws of the State of Tennessee.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 5th day of July, 2000.

Richard E. M. Nichol, Jr., Organizer

KH9754
07/13/2000-13:35:48

ters, LTD, LLC - In State: Charter		4 0
S - STEPHEN JAMES		
V ON	N / A	
TN MORTGAGE TAX	N / A	
TN TRANSFER TAX	N / A	
RECORDING FEE		5 . 0 0
DP FEE		2 . 0 0
REGISTER'S FEE	N / A	
WALK THRU FEE	N / A	
TOTAL AMOUNT		7 . 0 0
PAGE COUNT: 4	PAGE ADDED: No	GROUP ID: X01013365T

A.6A

Site Control Documentation

OPTION TO LEASE AGREEMENT

THIS OPTION TO LEASE AGREEMENT (the "Agreement") is made and entered into as of this 12th day of December, 2017, by and between Campbell Clinic, P.C., a Tennessee professional corporation ("Landlord") and Campbell Clinic Surgery Center, LLC, a Tennessee limited liability company ("Tenant").

WITNESSETH

WHEREAS, Landlord intends to construct a medical office building on certain unaddressed property on Wolf River Boulevard, Germantown, TN, specifically identified as Shelby County Assessor of Property Parcel ID: G0220-00457 (the "Building"); and

WHEREAS, Landlord desires to enter into an option with Tenant whereby Landlord grants to Tenant the option to lease approximately 34,560 rentable square feet in the Building (the "Leased Premises"), which option must be exercised as set forth below.

NOW, THEREFORE, for $10 cash in hand paid and in consideration of the mutual promises set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1
GRANT OF OPTION

1.1 Landlord hereby grants to Tenant an exclusive option to lease the Leased Premises, upon the terms and conditions set forth herein (the "Option").

1.2 The term of Tenant's Option shall commence on the date hereof and shall continue for a period of six (6) months from the date hereof (the "Option Period"). The Option Period may be extended at any time prior to its expiration upon the mutual consent of the parties.

1.3 Tenant shall exercise its Option by delivering written notice to Landlord within the Option Period by Registered or Certified Mail, or in person.

1.4 The Option, and Tenant's rights hereunder, are contingent upon Landlord completing the construction of the medical office building.

SECTION 2
TERMS AND CONDITIONS OF THE LEASE

2.1 Upon the exercise of the Option by Tenant as set forth herein, the parties agree to execute a lease agreement, subject to any terms and conditions contained in this Agreement and as mutually agreed upon by the parties. The parties expect that rent shall reflect the fair market value of the property and shall be approximately $42.00 per rentable square foot for the first term of the lease. The lease shall also provide that taxes and operating expenses will be passed through to Tenant.

2.2 The initial term of Tenant's lease of the Leased Premises shall be for a period of ten (10) years (the "Term").

SECTION 3
MISCELLANEOUS PROVISIONS

3.1 Any notices required or permitted herein shall be addressed as follows and delivered to the other party by either registered or certified mail or in person:

If to Landlord:

Campbell Clinic, P.C.
1400 S. Germantown Road
Germantown, TN 38138
Attn: CEO

If to Tenant:

Campbell Clinic Surgery Center, LLC
1400 S. Germantown Road
Germantown, TN 38138
Attn: Administrator

3.2 This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be amended except by written instrument executed by Landlord and Tenant. The section headings are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof. This Agreement shall be construed and interpreted in accordance with the laws of the State of Tennessee. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns as the case may be. Tenant shall have the right to transfer or assign any of its rights and interest under this Agreement without obtaining the prior consent of Landlord. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange executed counterparts of the signature pages by e-mail.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by such party, as of the date first above written.

LANDLORD:

Campbell Clinic, P.C.
a Tennessee Professional Corporation

By: _____

Name: George A. Hernandez

Its: CEO

TENANT:

Campbell Clinic Surgery Center, LLC
a Tennessee Limited Liability Company

By: _____

Name: Cynthia N. Armistead

Its: Administrator

Tom Leatherwood, Shelby County Register of Deeds: Instr. # DJ9179

DJ 9179

THIS INSTRUMENT PREPARED BY AND RETURNABLE TO: 5 Lot 5
W. Joseph Aldridge
McDONNELL BOYD
67 MADISON AVE., SUITE 1200
MEMPHIS, TENNESSEE 38103

Deed recorded to correct the date of delivery of deed and transfer of the property.

DH 7044
5

WARRANTY DEED

THIS Indenture made as of this 20th day of January, 1993, by and between Frank M. Campbell, Trustee, Russell E. Bloodworth, Jr., Substitute Trustee, Senter Crook Taylor, Trustee and Beneficiary and Jere Lawrence Crook, III, Trustee and Beneficiary under certain Trust Instrument dated December 26, 1957 recorded in Book 3937, Page 43 in the Register's Office of Shelby County, Tennessee, or any amendments thereof of record, and under Trust Agreement dated June 27, 1967 recorded in Book 6250, Page 188 in said Register's Office, and any amendments or clarifications thereof of record, and under Trust Instrument dated December 11, 1968 recorded in said Register's Office as Instrument No. E6 2147 ("Grantor") and Campbell Clinic, Inc., ("Grantee").

WITNESSETH: That for and in consideration of Ten Dollars ($10.00), cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged, Grantor has bargained and sold and hereby bargains, sells, conveys and confirms unto Grantee the real estate, situated and being in Germantown, Shelby County, State of Tennessee described on the attached Exhibit A, which exhibit is incorporated herein by reference.

This is part of the same property conveyed to Grantor by Warranty Deed recorded as Instrument No. N9 9509 in the Register's Office of Shelby County, Tennessee. The foregoing description was taken from a survey prepared by Robert W. Estes, R.L.S., Tennessee certification no. 1566, 4202 Reed Avenue, Memphis, Tennessee, 38108.

TO HAVE AND TO HOLD the aforedescribed real estate together with all the appurtenances and hereditaments thereunto belonging or in any wise appertaining unto Grantee, their heirs, successors and assigns in fee simple forever.

Grantor hereby covenants with Grantee that it is lawfully seized in fee of the aforedescribed real estate; that it has a good right to sell and convey the same; that the title and quiet possession thereto it will warrant and forever defend against the lawful claims of all persons; and that the same is unencumbered, except for 1993 City of Germantown and Shelby County Taxes which are not yet due and payable, all of which are assumed by the Grantee, and conditions, restrictions and easements at Plat Book 140 page 45 in the Shelby County Register's Office.

This Grant is made subject to the restrictions described on the attached Exhibit "B".

The words Grantor and Grantee as used herein shall mean "Grantors" and Grantees", respectively, if more than one person or entity be referred to, and pronouns

Tom Leatherwood, Shelby County Register of Deeds: Instr. # DJ9179

shall be construed according to their gender and number according to the context hereof.

The undersigned hereby acknowledge themselves to be all of the trustees of the Crook Trusts described above.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by and through its duly authorized trustees the day and year first above written.

GRANTOR:

FRANK M. CAMPBELL, TRUSTEE

RUSSELL E. BLOODWORTH, JR.,
SUBSTITUTE TRUSTEE

SENTER CROOK TAYLOR,
TRUSTEE AND BENEFICIARY

JERE LAWRENCE CROOK, III,
TRUSTEE AND BENEFICIARY

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, a Notary Public in and or said State and County personally appeared Frank M. Campbell, Trustee, Russell E. Bloodworth, Jr., Substitute Trustee, Senter Crook Taylor, Trustee and Beneficiary, and Jere Lawrence Crook, III, Trustee and Beneficiary, with whom I am personally acquainted (or proved on the basis of satisfactory evidence to be the person(s)) and who, upon oath, acknowledged themselves to be the trustees of the Crook Trusts, the within named bargainor, trusts created by indentures under the laws of the State of Tennessee, and that they, in their capacities as such trustees, executed the foregoing instrument for the purposes therein contained by subscribing their names as trustees, as their free act and deed and as the free act and deed of the Crook Trusts.

Tom Leatherwood, Shelby County Register of Deeds: Instr. # DJ9179

DJ 9179 DH 7044

WITNESS my hand and Notarial Seal at office this 5 day of October, 1992.

Lula Belle Wooten
Notary Public

My commission expires:

4/30/96

I, or we, hereby swear or affirm that, to the best of affiant's knowledge, information and belief, the actual consideration for this transfer or value of the property transferred whichever is greater, is $1,136,929.29 which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

C. Brandon Fisher, Atty
Affiant

Subscribed and sworn to before me this 29th day of January, 1993, 1992.

Woods Weathy
Notary Public

My commission expires:

My Commission Expires August 13, 1996

Property Address:
VACANT

Part of Ward/District G02, Block 20, Parcel 366

Mail tax bills to:

State Tax	$ 4206.53
Register's Fee	$ 1.00
Recording Fee	$ 20.00
Total	$ 4227.53

Tom Leatherwood, Shelby County Register of Deeds: Instr. # DJ9179

DJ 9179

DH 7044

EXHIBIT "A"

Description of Property

Lot 5, Phase I, First Addition, Wolf River Center, being part of the Senter Crook Taylor, et al, Trustee property located in Germantown, Shelby County Tennessee and being more particularly described as follows.

Beginning at a point in the proposed southerly Right of Way line of Wolf River Boulevard (106' proposed R.O.W.), said point being 546.44 feet east of the east Right of Way line of Germantown Road (R.O.W. varies), thence S 76° 55' 33" E, along said proposed Right of Way line of Wolf River Boulevard, a distance of 119.47 feet to a point of curvature; thence along a curve to the right having a radius of 1347.00 feet an arc distance of 297.98 feet (chord S 70° 35' 19" E 297.37') to the northwest corner of proposed lot 7; thence S 13° 40' 03" W, along the line dividing lots 5 and 7, a distance of 888.71 feet to a point in the northerly Right of Way line of proposed Brierbrook Road; thence northwestwardly, along said Right of Way line with a curve to the left having a radius of 447.00 feet an arc distance of 275.85 feet (chord N58° 09' 48"W 271.49') to a point of compound curvature; thence along a curve to the left having a radius of 5583.00 feet an arc distance of 113.38 feet to the southeast corner of proposed lot 4; thence N 13° 40' 03" E, along the line dividing lots 4 and 5, a distance of 541.55 feet to the northeast corner of proposed lot 4; thence N 75° 38' 27" W, along the northerly line of lot 4, a distance of 44.01 feet to the southeast corner of proposed lot 6; thence N 13° 40' 03" E, along the line dividing lots 5 and 6, a distance of 290.68 feet to the northeast corner of lot 6, said point being the point of beginning.

The above described parcel contains an area of 7.50 Acres.

The above property is of record in Plat Book 140, Page 45.

Tom Leatherwood, Shelby County Register of Deeds: Instr. # DJ9179

DJ 9179 DH 7044

Lot 5

EXHIBIT B

The conveyance made by the attached Warranty Deed and the Grantee's title therein are subject to the restriction that prior to any development, including the acquisition of any governmental approvals or building permits for grading, drainage, water, sewer, phone, gas, cable, and electric improvements, the plans for the same shall be delivered to the Grantor, and the Grantor shall have a right of reasonable approval for such final plans. Such plans shall be deemed approved by the Grantor, if not objected to within fifteen (15) days of receipt by hand delivery to the Grantor. Such owner's right to approve plans shall be limited to approvals reasonably necessary to protect the Grantor's surrounding property. This restriction shall remain in force and effect until the earlier of (1) completion of development of Lot 5, Phase I, First Addition, Wolf River Center, as recorded at Plat Book 140 Page 45 in the Shelby County Register's Office or (2) closing of the sale of Lot 7, Phase I, First Addition, Wolf River Center, as recorded in Plat Book 140 Page 45 in the Shelby County Register's Office.

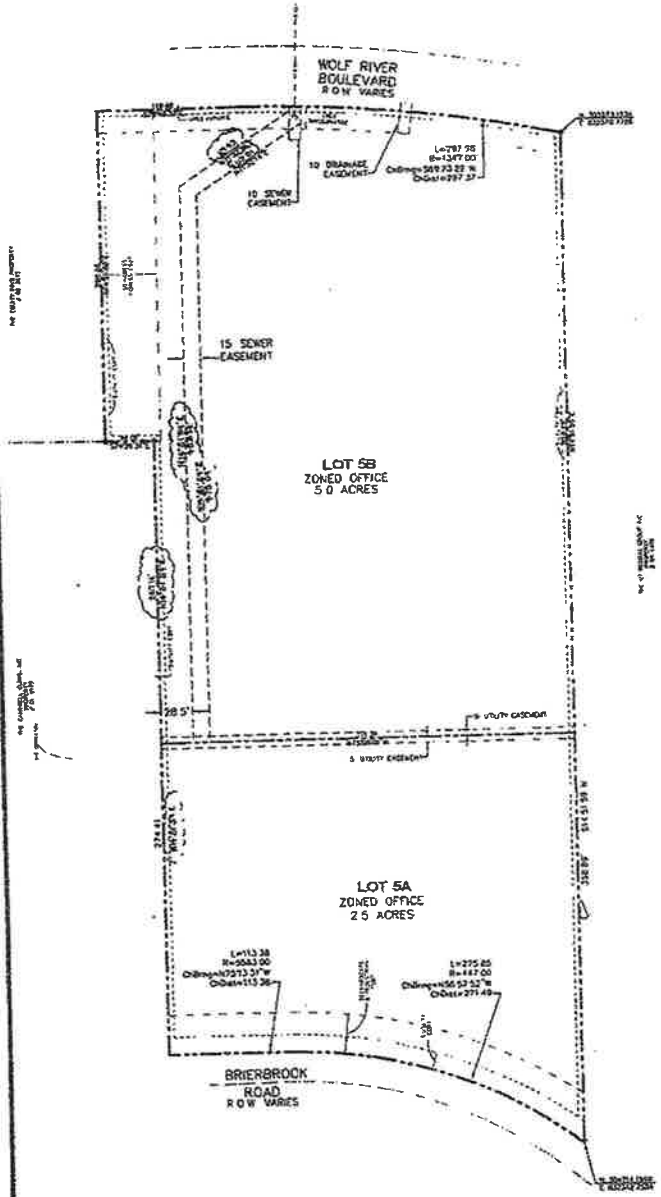
DJ9179

SHELBY COUNTY REGISTER OF DEEDS
93 MAR -4 PM 4:11

DH7044

DH 7044
D/C C DP 24
PGS. 5 ITEM
VAL 4,136,929.00
STATE TAX 420.53
REGISTER'S FEE 1.00
RECORDING FEE 20.00
DP FEE 5.00
TOTAL 442.53
STATE OF TENNESSEE
SHELBY COUNTY
GUY R. MILLER
REGISTER

Re-recording
DJ 9179
D/C C DP 24
PGS. 5 ITEM
VAL -0-
STATE TAX
REGISTER'S FEE
RECORDING FEE 20.00
DP FEE 5.00
TOTAL 25.00
SHELBY COUNTY
REGISTER OF DEEDS



SITE DEVELOPMENT CRITERIA / DATA

SITE ZONING DISTRICT = OFFICE
SITE AREA = 7.5 ACRES (110,037 SQ FT)
FRONT YARD BUILDING SETBACK LINE = 60'
SIDE YARD BUILDING SETBACK LINE = 20'
REAR YARD BUILDING SETBACK LINE = 15'
FRONT YARD PARKING SETBACK = 35' WITH LANDSCAPE AND UTILITY EASEMENT

LANDSCAPING / TURF AREA REQUIRED (20% OF TOTAL AREA ACCORDING TO WOLFE RIVER CENTER P.D.) = 22,000 SQ FT

MAXIMUM BUILDING HEIGHT PERMITTED BY ZONING REQUIREMENTS = 35

OFFSTREET PARKING
SPACES REQUIRED (1/200) (INCLUDING HANDICAP)

BENCHMARK

ALUMINUM DISK & STAINLESS STEEL ROD IN CONCRETE
DATE SET 02/95 OWAD GERMANTOWN
HORIZONTAL DATUM NAD 83 VERTICAL DATUM NAVD 88
STATE TENN COUNTY SHELBY ZONE TENN 4100
NORTHING 305809.05 EASTING 831624.76 ELEVATION 265.20
SCALE 1.000027052

FLOOD INFORMATION

THIS SITE IS PARTIALLY LOCATED IN THE 100 YEAR FLOOD PLAIN AS NOTED ON FEMA PANEL NO 47157C 0235 C DATED DECEMBER 2, 1994 SEE REVISION NOTE BELOW

BEARING NOTE

ALL BEARINGS ARE BASED ON STATE PLAIN COORDINATES

Owner's Certificate

I/We Campbell Clinic, Inc. the undersigned owner of the property shown hereon, hereby adopt this as the corporation's plan of development and dedicate the streets rights of way and grant the easements and rights of access as shown and/or described to the public use forever. We hereby certify that we are the owners of the said property in fee simple, duly authorized so to act, and that said property is not encumbered by liens which have become due and payable.

By _____

By _____ Date

Notary's Certificate

State of Tennessee
County of Shelby

Before me, the undersigned a Notary Public in and for the said State and County mentioned, duly commissioned and qualified, personally appeared _____ with whom I am personally acquainted, and who upon his oath acknowledged himself to be _____ the within named bargainor, and that he executed the foregoing instrument for the purpose therein contained. In witness whereof I have hereunto set my hand and affixed my notarial seal at my office in Memphis this _____ day of _____, 2001

Notary Public _____
My Commission Expires _____

CERTIFICATE OF APPROVAL BY THE CITY OF GERMANTOWN
APPROVED BY THE CITY OF GERMANTOWN
DATE 08-27-01 BY _____
MAYOR

* THIS SITE IS NOT LOCATED WITHIN THE LIMITS OF A 100YEAR FLOOD HAZARD AREA AS PER LETTER OF REVISION DATED JANUARY 9, 2002 CASE NUMBER 02-04-1510 A

NORTH SCALE IN FEET 1"=60'

ASKEW HARGRAVES HARCOURT & ASSOCIATES, INC
ENGINEERS SURVEYORS LANDSCAPE ARCHITECTS
5909 SHELBY OAKS DRIVE SUITE 102
MEMPHIS TN 38134 901/372-9404

VICINITY MAP
NTS

Engineer's Certificate

It is hereby certified that this plat is true and correct as in conformance with the design requirements of the Zoning Ordinance, the Subdivision Regulations and the specifications approved on the development and takes into account all local building laws and regulations.

By _____ 8/25/2001
Date

Surveyor's Certificate

I, Michael W. McCullry, hereby certify that this is a Category 1 survey and is that the ratio of precision of the unadjusted survey is 1 : 10000 or greater that the plat has been prepared by me or under my immediate supervision and conforms with applicable state laws and local zoning ordinances, subdivision regulations and the specific conditions imposed on the development pertaining to the practice of surveying.

_____ R.L.S. 8-08-2001
Date

APPROVED BY THE GERMANTOWN PLANNING COMMISSION
DATE 8-20-01 SECRETARY _____

FINAL PLAT
RE-SUBDIVISION OF LOT 5 WOLF RIVER CENTER

GERMANTOWN, TENNESSEE
APRIL, 2001
1 LOT / TOTAL AREA 326,700 SF / 7.50 ACRES

OWNER
THE CAMPBELL CLINIC INC
1400 SOUTH GERMANTOWN ROAD
GERMANTOWN, TN 38138

1 of 1

02074182
10/01/2002 - 10:26 AM
PLAT BOOK 197
PAGE 73

REVISED 8/23 CORRECTED BEARINGS ADDED LOME AREA

02074182

05/01/2002 - 10:26 AM

1 PGS : R - SUBDIVISION PLAT

BOBBY 37130-2074182

PLAT BOOK : 197

PAGE : 71

RECORDING FEE	15.00
OP FEE	2.00
TOTAL AMOUNT	17.00

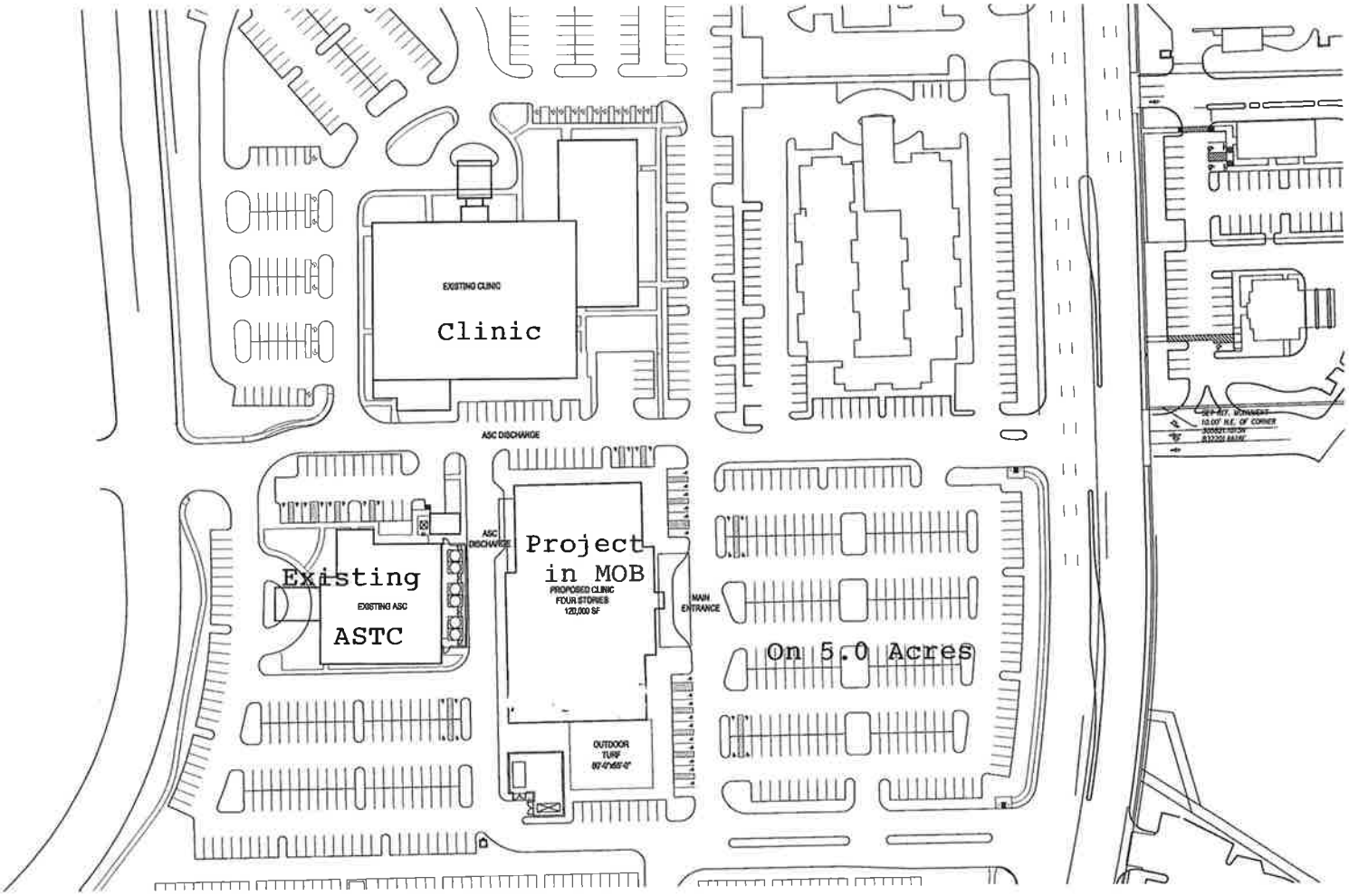
STATE OF TENNESSEE, COUNTY OF SHELBY

TOM LEATHERWOOD

REGISTER OF DEEDS

A-6B(1)a-d

Plot Plan



18042

DAVIS STOKES ARCHITECTS

12.08.17

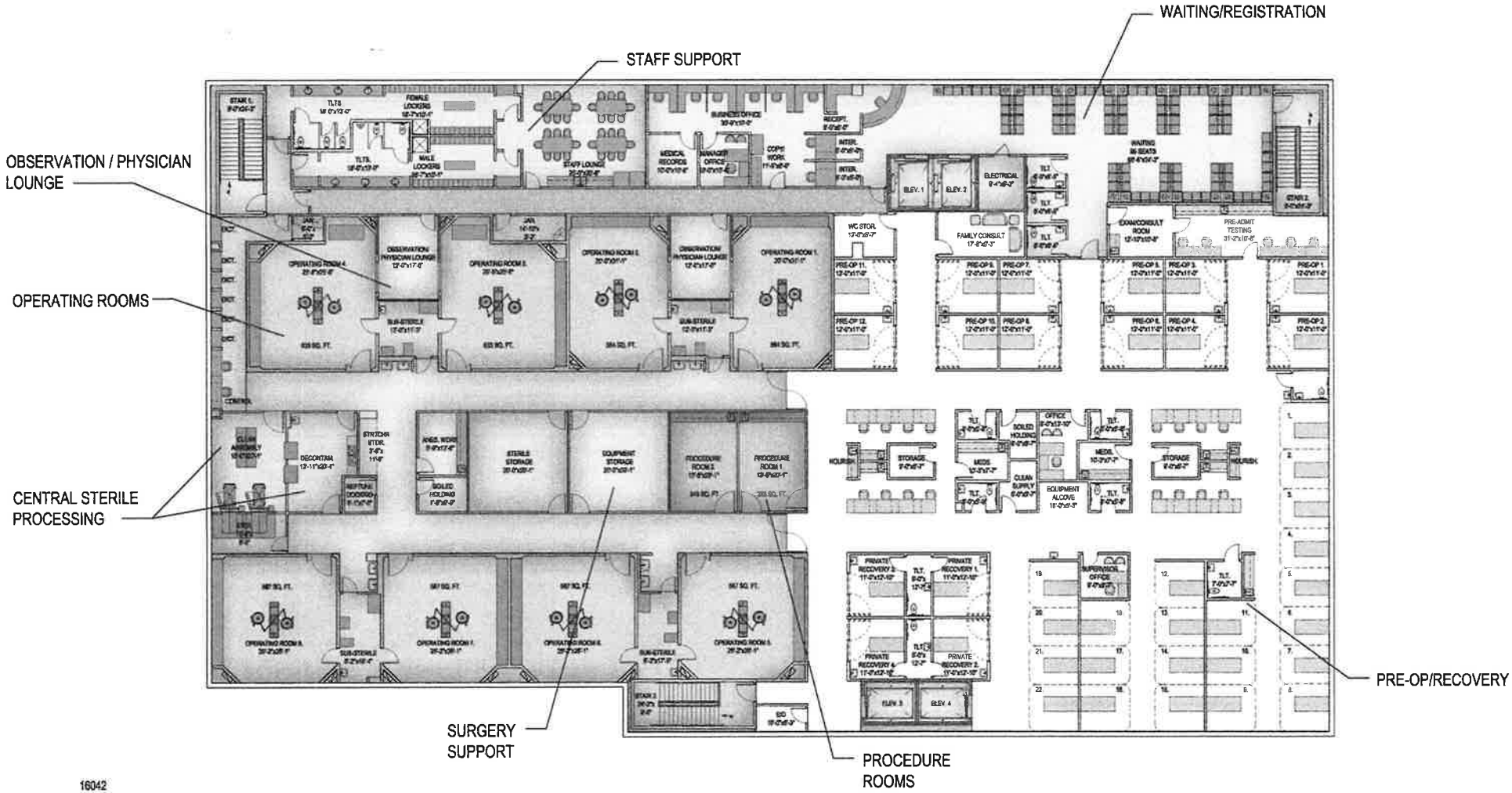
CAMPBELL CLINIC ORTHOPAEDICS

GERMANTOWN, TENNESSEE

CONCEPT SITE PLAN

A-6B(2)

Floor Plans



16042

DAVIS STOKES ARCHITECTS

12.08.17

CAMPBELL CLINIC ORTHOPAEDICS

GERMANTOWN, TENNESSEE

0 4 8 16 32

FOURTH FLOOR PLAN

B-Need-3

Service Area Map

Google Maps

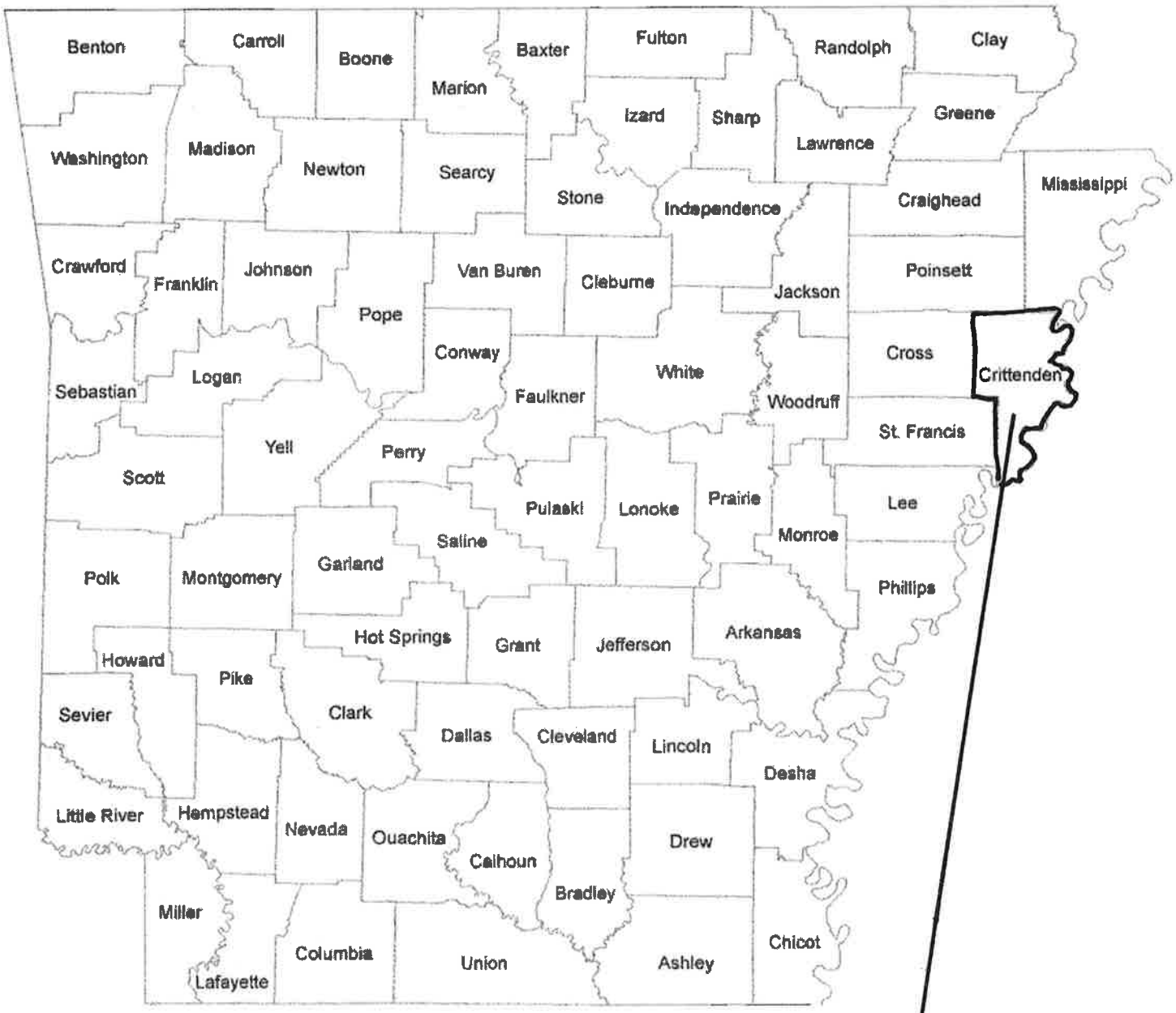
7855 Wolf River Boulevard, Germantown, TN to 7945 Wolf River Blvd, Germantown, TN 38138

Walk 0.2 mile, 4 min

via Wolf River Blvd
Mostly flat

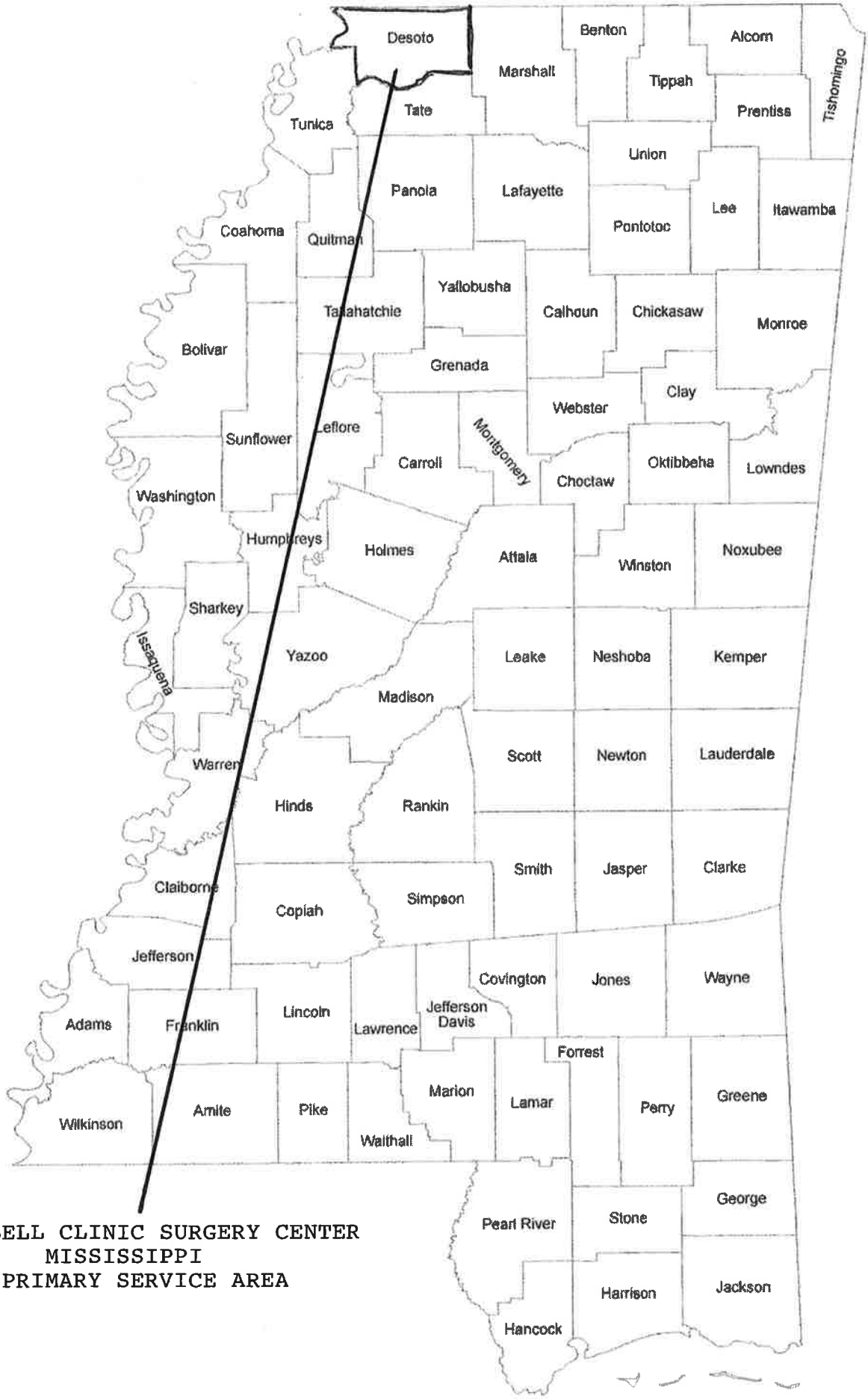
4 min
0.2 mile

CAMPBELL CLINIC SURGERY CENTER TENNESSEE PRIMARY SERVICE AREA



Get Printable Maps From:
Waterproof Paper.com

CAMPBELL CLINIC SURGERY CENTER
ARKANSAS
PRIMARY SERVICE AREA



CAMPBELL CLINIC SURGERY CENTER
MISSISSIPPI
PRIMARY SERVICE AREA

B-Economic Feasibility-1E

Documentation of Construction Cost Estimate

DAVIS STOKES COLLABORATIVE, P.C.

A · R · C · H · I · T · E · C · T · S

December 12, 2017

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37220

Re: **Campbell Clinic Ambulatory Surgery Center**
Germantown, TN
Architect's Project No: 16042

To Whom It May Concern:

Davis Stokes Collaborative, P.C. has been selected as the Architect for the proposed Campbell Clinic ASC which will include eight (8) Operating Rooms and two (2) Procedure Rooms within approximately 32,000 square feet. We have prepared the schematic design, and upon CON approval will prepare the construction documents, in accordance with applicable local, state and federal codes and the current AIA guidelines. The location plan, site plan and schematic design are included within the CON application being submitted by the Applicant.

This project will be design and built to conform with all applicable codes referenced below.

- **State of TN Department of Health Code Requirements:**
  2012 International Building Code (IBC)
  2012 LSC – NFPA – 101 Life Safety Code
  2012 International Fire Code (IFC)
  2012 International Plumbing Code (IPC)
  2012 International Mechanical Code (IMC)
  2009 International Energy Conservation Code (IECC)
  2011 National Electric Code (NEC)
  2012 International Fuel Gas Code
  2010 ADA Americans with Disabilities Act Accessibility Guidelines
  2010 FGI (formally AIA) Guidelines for Design and Construction of Hospital & Health Care Facilities.

- **City of Germantown, TN Code Requirements:**
  2015 International Building Code (IBC) with local amendments
  2009 International Energy Conservation Code (IECC)
  2008 National Electrical Code (NEC) with local amendments
  2009 International Plumbing Code (IPC) with local amendments
  2009 International Mechanical Code (IMC) with local amendments
  2009 International Fuel Gas Code with local amendments
  2009 ANSI/A117.1 Accessible and Usable Buildings and Facilities
  2012 LSC – NFPA – 101 Life Safety Code
  2009 International Fire Code with local Amendments

7121 Crossroads Blvd. Brentwood, TN 37027 Phone 615.726.0010 Fax 615.726.2090

In accordance with Certificate of Need Application Question 25(C), Davis Stokes Collaborative, P.C. is offering a response to the anticipated construction costs for this project. This estimate of cost is based on current construction market pricing adjusted for an anticipated construction start in the 4th quarter of 2018.

New Construction	32,000 gross square feet @ $265.00 per sq. ft.	$ 8,480,000.00
Site Preparation	Construction estimates	$ 1,000,000.00
TOTAL		**$ 9,480,000.00**

The detailed floor plans submitted with the application clearly define the program and function of the project.

Sincerely,

Willie O. Stokes
Tennessee License #017157

B-Economic Feasibility--2

Documentation of Funding/Financing Availability

FIRST TENNESSEE

December 6, 2017

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, Ninth Floor
500 Deaderick Street
Nashville, Tennessee 37243

RE: Campbell Clinic Surgery Center Relocation Project

Dear Mrs. Hill:

This letter is to pro ide assurance that First Tennessee Bank is familiar with the plan of the Campbell Clinic, P.C. and the Campbell Clinic Surgery Center, LLC, to relocate the Surgery Center into a new Medical Office Building to be developed by the Campbell Clinic on adjoining land.

Upon submittal and approval of a formal financing application, we would expect to be able to provide both construction and permanent financing for this project. We understand that the financing required would be in the form of two separate loans, one to the Clinic in the approximate amount of $38,246,000 and a companion loan to the Campbell Clinic Surgery in the approximate amount of $6,970,000.

The loan terms on this project would of course reflect market conditions at the time of loan approval. Currently we would expect to finance this type of project at an interest rate of approximately 5.00%, for a term of ten years for the Clinic and approximately 4.15%, for a term of five years for the Surgery Center. Attached are two amortization schedules reflecting that estimate, one for each borrower.

We look forward to helping with the financing of this project.

Sincerely,

Margaret Yancey

Margaret Yancey
Senior Vice President

Loan Calculator

Enter Values	
Loan Amount	$ 6,970,000.00
Annual Interest Rate	4.15 %
Loan Period in Years	5
Number of Payments Per Year	12
Start Date of Loan	6/1/2018
Optional Extra Payments	

Loan Summary	
Scheduled Payment	$ 128,835.51
Scheduled Number of Payments	60
Actual Number of Payments	60
Total Early Payments	$ -
Total Interest	$ 760,130.38

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Payment	Total Payment	Principal	Interest	Ending Balance
1	7/1/2018	$ 6,970,000.00	$ 128,835.51	$ -	$ 128,835.51	$ 104,730.92	$ 24,104.58	$ 6,865,269.08
2	8/1/2018	6,865,269.08	128,835.51	-	128,835.51	105,093.12	23,742.39	6,760,175.96
3	9/1/2018	6,760,175.96	128,835.51	-	128,835.51	105,456.56	23,378.94	6,654,719.39
4	10/1/2018	6,654,719.39	128,835.51	-	128,835.51	105,821.27	23,014.24	6,548,898.13
5	11/1/2018	6,548,898.13	128,835.51	-	128,835.51	106,187.23	22,648.27	6,442,710.89
6	12/1/2018	6,442,710.89	128,835.51	-	128,835.51	106,554.46	22,281.04	6,336,156.43
7	1/1/2019	6,336,156.43	128,835.51	-	128,835.51	106,922.97	21,912.54	6,229,233.46
8	2/1/2019	6,229,233.46	128,835.51	-	128,835.51	107,292.74	21,542.77	6,121,940.72
9	3/1/2019	6,121,940.72	128,835.51	-	128,835.51	107,663.79	21,171.71	6,014,276.93
10	4/1/2019	6,014,276.93	128,835.51	-	128,835.51	108,036.13	20,799.37	5,906,240.80
11	5/1/2019	5,906,240.80	128,835.51	-	128,835.51	108,409.76	20,425.75	5,797,831.04
12	6/1/2019	5,797,831.04	128,835.51	-	128,835.51	108,784.67	20,050.83	5,689,046.36
13	7/1/2019	5,689,046.36	128,835.51	-	128,835.51	109,160.89	19,674.62	5,579,885.48
14	8/1/2019	5,579,885.48	128,835.51	-	128,835.51	109,538.40	19,297.10	5,470,347.07
15	9/1/2019	5,470,347.07	128,835.51	-	128,835.51	109,917.22	18,918.28	5,360,429.85
16	10/1/2019	5,360,429.85	128,835.51	-	128,835.51	110,297.35	18,538.15	5,250,132.50
17	11/1/2019	5,250,132.50	128,835.51	-	128,835.51	110,678.80	18,156.71	5,139,453.70
18	12/1/2019	5,139,453.70	128,835.51	-	128,835.51	111,061.56	17,773.94	5,028,392.14
19	1/1/2020	5,028,392.14	128,835.51	-	128,835.51	111,445.65	17,389.86	4,916,946.49
20	2/1/2020	4,916,946.49	128,835.51	-	128,835.51	111,831.07	17,004.44	4,805,115.42
21	3/1/2020	4,805,115.42	128,835.51	-	128,835.51	112,217.82	16,617.69	4,692,897.61
22	4/1/2020	4,692,897.61	128,835.51	-	128,835.51	112,605.90	16,229.60	4,580,291.70
23	5/1/2020	4,580,291.70	128,835.51	-	128,835.51	112,995.33	15,840.18	4,467,296.37
24	6/1/2020	4,467,296.37	128,835.51	-	128,835.51	113,386.11	15,449.40	4,353,910.27
25	7/1/2020	4,353,910.27	128,835.51	-	128,835.51	113,778.23	15,057.27	4,240,132.03
26	8/1/2020	4,240,132.03	128,835.51	-	128,835.51	114,171.72	14,663.79	4,125,960.32
27	9/1/2020	4,125,960.32	128,835.51	-	128,835.51	114,566.56	14,268.95	4,011,393.76
28	10/1/2020	4,011,393.76	128,835.51	-	128,835.51	114,962.77	13,872.74	3,896,430.99
29	11/1/2020	3,896,430.99	128,835.51	-	128,835.51	115,360.35	13,475.16	3,781,070.64
30	12/1/2020	3,781,070.64	128,835.51	-	128,835.51	115,759.30	13,076.20	3,665,311.33
31	1/1/2021	3,665,311.33	128,835.51	-	128,835.51	116,159.64	12,675.87	3,549,151.70
32	2/1/2021	3,549,151.70	128,835.51	-	128,835.51	116,561.36	12,274.15	3,432,590.34
33	3/1/2021	3,432,590.34	128,835.51	-	128,835.51	116,964.46	11,871.04	3,315,625.87
34	4/1/2021	3,315,625.87	128,835.51	-	128,835.51	117,368.97	11,466.54	3,198,256.91
35	5/1/2021	3,198,256.91	128,835.51	-	128,835.51	117,774.87	11,060.64	3,080,482.04
36	6/1/2021	3,080,482.04	128,835.51	-	128,835.51	118,182.17	10,653.33	2,962,299.87
37	7/1/2021	2,962,299.87	128,835.51	-	128,835.51	118,590.89	10,244.62	2,843,708.98
38	8/1/2021	2,843,708.98	128,835.51	-	128,835.51	119,001.01	9,834.49	2,724,707.97
39	9/1/2021	2,724,707.97	128,835.51	-	128,835.51	119,412.56	9,422.95	2,605,295.41
40	10/1/2021	2,605,295.41	128,835.51	-	128,835.51	119,825.53	9,009.98	2,485,469.88
41	11/1/2021	2,485,469.88	128,835.51	-	128,835.51	120,239.92	8,595.58	2,365,229.96
42	12/1/2021	2,365,229.96	128,835.51	-	128,835.51	120,655.75	8,179.75	2,244,574.21
43	1/1/2022	2,244,574.21	128,835.51	-	128,835.51	121,073.02	7,762.49	2,123,501.19
44	2/1/2022	2,123,501.19	128,835.51	-	128,835.51	121,491.73	7,343.77	2,002,009.46
45	3/1/2022	2,002,009.46	128,835.51	-	128,835.51	121,911.89	6,923.62	1,880,097.57
46	4/1/2022	1,880,097.57	128,835.51	-	128,835.51	122,333.50	6,502.00	1,757,764.06
47	5/1/2022	1,757,764.06	128,835.51	-	128,835.51	122,756.57	6,078.93	1,635,007.49
48	6/1/2022	1,635,007.49	128,835.51	-	128,835.51	123,181.11	5,654.40	1,511,826.39
49	7/1/2022	1,511,826.39	128,835.51	-	128,835.51	123,607.11	5,228.40	1,388,219.28
50	8/1/2022	1,388,219.28	128,835.51	-	128,835.51	124,034.58	4,800.93	1,264,184.70
51	9/1/2022	1,264,184.70	128,835.51	-	128,835.51	124,463.53	4,371.97	1,139,721.16
52	10/1/2022	1,139,721.16	128,835.51	-	128,835.51	124,893.97	3,941.54	1,014,827.19
53	11/1/2022	1,014,827.19	128,835.51	-	128,835.51	125,325.90	3,509.61	889,501.30
54	12/1/2022	889,501.30	128,835.51	-	128,835.51	125,759.31	3,076.19	763,741.98
55	1/1/2023	763,741.98	128,835.51	-	128,835.51	126,194.23	2,641.27	637,547.75
56	2/1/2023	637,547.75	128,835.51	-	128,835.51	126,630.65	2,204.85	510,917.10

Loan Calculator

Enter Values	
Loan Amount	$ 38,246,000.00
Annual Interest Rate	5.00 %
Loan Period in Years	25
Number of Payments Per Year	12
Start Date of Loan	6/1/2018
Optional Extra Payments	

Loan Summary	
Scheduled Payment	$ 223,582.31
Scheduled Number of Payments	300
Actual Number of Payments	300
Total Early Payments	$ -
Total Interest	$ 28,828,692.18

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Payment	Total Payment	Principal	Interest	Ending Balance
1	7/1/2018	$ 38,246,000.00	$ 223,582.31	$ -	$ 223,582.31	$ 64,223.97	$ 159,358.33	$ 38,181,776.03
2	8/1/2018	38,181,776.03	223,582.31	-	223,582.31	64,491.57	159,090.73	38,117,284.45
3	9/1/2018	38,117,284.45	223,582.31	-	223,582.31	64,760.29	158,822.02	38,052,524.16
4	10/1/2018	38,052,524.16	223,582.31	-	223,582.31	65,030.12	158,552.18	37,987,494.04
5	11/1/2018	37,987,494.04	223,582.31	-	223,582.31	65,301.08	158,281.23	37,922,192.96
6	12/1/2018	37,922,192.96	223,582.31	-	223,582.31	65,573.17	158,009.14	37,856,619.79
7	1/1/2019	37,856,619.79	223,582.31	-	223,582.31	65,846.39	157,735.92	37,790,773.40
8	2/1/2019	37,790,773.40	223,582.31	-	223,582.31	66,120.75	157,461.56	37,724,652.65
9	3/1/2019	37,724,652.65	223,582.31	-	223,582.31	66,396.25	157,186.05	37,658,256.39
10	4/1/2019	37,658,256.39	223,582.31	-	223,582.31	66,672.91	156,909.40	37,591,583.49
11	5/1/2019	37,591,583.49	223,582.31	-	223,582.31	66,950.71	156,631.60	37,524,632.78
12	6/1/2019	37,524,632.78	223,582.31	-	223,582.31	67,229.67	156,352.64	37,457,403.10
13	7/1/2019	37,457,403.10	223,582.31	-	223,582.31	67,509.79	156,072.51	37,389,893.31
14	8/1/2019	37,389,893.31	223,582.31	-	223,582.31	67,791.09	155,791.22	37,322,102.23
15	9/1/2019	37,322,102.23	223,582.31	-	223,582.31	68,073.55	155,508.76	37,254,028.68
16	10/1/2019	37,254,028.68	223,582.31	-	223,582.31	68,357.19	155,225.12	37,185,671.49
17	11/1/2019	37,185,671.49	223,582.31	-	223,582.31	68,642.01	154,940.30	37,117,029.48
18	12/1/2019	37,117,029.48	223,582.31	-	223,582.31	68,928.02	154,654.29	37,048,101.46
19	1/1/2020	37,048,101.46	223,582.31	-	223,582.31	69,215.22	154,367.09	36,978,886.24
20	2/1/2020	36,978,886.24	223,582.31	-	223,582.31	69,503.61	154,078.69	36,909,382.63
21	3/1/2020	36,909,382.63	223,582.31	-	223,582.31	69,793.21	153,789.09	36,839,589.42
22	4/1/2020	36,839,589.42	223,582.31	-	223,582.31	70,084.02	153,498.29	36,769,505.40
23	5/1/2020	36,769,505.40	223,582.31	-	223,582.31	70,376.03	153,206.27	36,699,129.36
24	6/1/2020	36,699,129.36	223,582.31	-	223,582.31	70,669.27	152,913.04	36,628,460.10
25	7/1/2020	36,628,460.10	223,582.31	-	223,582.31	70,963.72	152,618.58	36,557,496.37
26	8/1/2020	36,557,496.37	223,582.31	-	223,582.31	71,259.41	152,322.90	36,486,236.97
27	9/1/2020	36,486,236.97	223,582.31	-	223,582.31	71,556.32	152,025.99	36,414,680.65
28	10/1/2020	36,414,680.65	223,582.31	-	223,582.31	71,854.47	151,727.84	36,342,826.18
29	11/1/2020	36,342,826.18	223,582.31	-	223,582.31	72,153.86	151,428.44	36,270,672.31
30	12/1/2020	36,270,672.31	223,582.31	-	223,582.31	72,454.51	151,127.80	36,198,217.80
31	1/1/2021	36,198,217.80	223,582.31	-	223,582.31	72,756.40	150,825.91	36,125,461.40
32	2/1/2021	36,125,461.40	223,582.31	-	223,582.31	73,059.55	150,522.76	36,052,401.85
33	3/1/2021	36,052,401.85	223,582.31	-	223,582.31	73,363.97	150,218.34	35,979,037.89
34	4/1/2021	35,979,037.89	223,582.31	-	223,582.31	73,669.65	149,912.66	35,905,368.24
35	5/1/2021	35,905,368.24	223,582.31	-	223,582.31	73,976.61	149,605.70	35,831,391.63
36	6/1/2021	35,831,391.63	223,582.31	-	223,582.31	74,284.84	149,297.47	35,757,106.79
37	7/1/2021	35,757,106.79	223,582.31	-	223,582.31	74,594.36	148,987.94	35,682,512.43
38	8/1/2021	35,682,512.43	223,582.31	-	223,582.31	74,905.17	148,677.14	35,607,607.25
39	9/1/2021	35,607,607.25	223,582.31	-	223,582.31	75,217.28	148,365.03	35,532,389.98
40	10/1/2021	35,532,389.98	223,582.31	-	223,582.31	75,530.68	148,051.62	35,456,859.30
41	11/1/2021	35,456,859.30	223,582.31	-	223,582.31	75,845.39	147,736.91	35,381,013.90
42	12/1/2021	35,381,013.90	223,582.31	-	223,582.31	76,161.42	147,420.89	35,304,852.49
43	1/1/2022	35,304,852.49	223,582.31	-	223,582.31	76,478.76	147,103.55	35,228,373.73
44	2/1/2022	35,228,373.73	223,582.31	-	223,582.31	76,797.42	146,784.89	35,151,576.31
45	3/1/2022	35,151,576.31	223,582.31	-	223,582.31	77,117.41	146,464.90	35,074,458.91
46	4/1/2022	35,074,458.91	223,582.31	-	223,582.31	77,438.73	146,143.58	34,997,020.18
47	5/1/2022	34,997,020.18	223,582.31	-	223,582.31	77,761.39	145,820.92	34,919,258.79
48	6/1/2022	34,919,258.79	223,582.31	-	223,582.31	78,085.40	145,496.91	34,841,173.39
49	7/1/2022	34,841,173.39	223,582.31	-	223,582.31	78,410.75	145,171.56	34,762,762.64
50	8/1/2022	34,762,762.64	223,582.31	-	223,582.31	78,737.46	144,844.84	34,684,025.18
51	9/1/2022	34,684,025.18	223,582.31	-	223,582.31	79,065.54	144,516.77	34,604,959.64
52	10/1/2022	34,604,959.64	223,582.31	-	223,582.31	79,394.98	144,187.33	34,525,564.67
53	11/1/2022	34,525,564.67	223,582.31	-	223,582.31	79,725.79	143,856.52	34,445,838.88
54	12/1/2022	34,445,838.88	223,582.31	-	223,582.31	80,057.98	143,524.33	34,365,780.90
55	1/1/2023	34,365,780.90	223,582.31	-	223,582.31	80,391.55	143,190.75	34,285,389.35
56	2/1/2023	34,285,389.35	223,582.31	-	223,582.31	80,726.52	142,855.79	34,204,662.83

B-Economic Feasibility-6A

Applicant's Financial Statements

Income Statement
For The 11 Periods Ended 11/30/2017
GTWN

Campbell Clinic Surgery Center LLC (CSC)

	Period to Date	%	ORIGINAL PTD Budget	%	Year to Date	%	ORIGINAL YTD Budget	%
Revenue								
Gross Patient Revenue - Ortho GTWN	4,257,858	85%	3,482,948	81%	42,061,490	82%	40,576,344	81%
Gross Patient Revenue - Pain GTWN	761,049	15%	834,256	19%	9,318,714	18%	9,719,079	19%
Total Revenue:	5,018,907	100%	4,317,204	100%	51,380,204	100%	50,295,423	100%
Adjustments								
Contractual Adjustment - GTWN	3,863,156	77%	3,308,768	77%	39,590,197	77%	38,547,150	77%
Total Adjustments:	3,863,156	77%	3,308,768	77%	39,590,197	77%	38,547,150	77%
Gross Profit:	1,155,751	23%	1,008,436	23%	11,790,007	23%	11,748,273	23%
Expenses								
Personnel Expenses								
Salaries & Wages - Bus Office	42,207	1%	34,818	1%	407,642	1%	417,816	1%
Salaries & Wages - Clinical	175,700	4%	155,917	4%	1,909,303	4%	1,871,005	4%
Salaries & Wages - Gain/Bonus	0	0%	0	0%	126,896	0%	186,164	0%
Payroll Taxes	15,039	0%	17,381	0%	177,453	0%	191,191	0%
Personnel - Education	355	0%	1,000	0%	5,304	0%	11,000	0%
Total Personnel Expenses:	233,301	5%	209,116	5%	2,625,498	5%	2,676,166	5%
Clinical Expenses								
Clinic - Small Instruments	1,692	0%	4,567	0%	51,866	0%	50,237	0%
Clinic - Surgical Supplies	74,548	1%	93,593	2%	1,041,062	2%	1,029,523	2%
Clinic - Implants	244,212	5%	225,240	5%	2,508,481	5%	2,477,640	5%
Clinic - Oxygen/Medical Gas	2,846	0%	2,233	0%	26,011	0%	24,563	0%
Clinic - Anesthesia Supplies	5,433	0%	4,366	0%	49,125	0%	48,026	0%
Clinic - IV Solutions	3,514	0%	2,986	0%	45,839	0%	32,836	0%
Clinic - Anesthesia Pharmaceuticals	12,153	0%	12,182	0%	129,983	0%	134,002	0%
Clinic - Pharmaceuticals	17,643	0%	12,042	0%	152,119	0%	132,462	0%
Clinic - Sutures	10,227	0%	6,468	0%	69,626	0%	71,148	0%
Clinic - Xray Film & Supplies	0	0%	391	0%	4,314	0%	4,301	0%
Clinic - Disposable Packs	2,510	0%	23,684	1%	185,356	0%	259,424	1%
Clinic - Equip/Instr Rental	8,712	0%	0	0%	60,984	0%	0	0%
Clinic - Trash/Medical Waste	1,718	0%	11,569	0%	59,260	0%	127,259	0%
Clinic - Uniforms/Laundry	12,026	0%	18,524	0%	178,082	0%	203,764	0%
Clinic - Food Patient/Employee	4,952	0%	3,314	0%	36,140	0%	36,454	0%
Clinic - Equip R&M Contract	26,560	1%	15,702	0%	226,910	0%	172,722	0%
Clinic - Equip/Instr R&M	458	0%	2,542	0%	7,405	0%	27,962	0%
Clinic - Lab Services	102	0%	602	0%	2,515	0%	6,622	0%

Income Statement
For The 11 Periods Ended 11/30/2017
GTWN

Campbell Clinic Surgery Center LLC (CSC)

	Period to Date	%	ORIGINAL PTD Budget	%	Year to Date	%	ORIGINAL YTD Budget	%
Total Clinical Expenses:	429,206	9%	436,904	10%	4,933,779	9%	4,838,944	10%
Other Operating Expenses								
Personnel - Contract Employees	2,953	0%	1,667	0%	48,084	0%	18,337	0%
Facility - Rent/Lease	33,172	1%	38,397	1%	536,197	1%	422,367	1%
Facility - Property Taxes	28,797	1%	0	0%	28,797	0%	0	0%
Facility - Utilities	9,359	0%	9,664	0%	107,208	0%	106,304	0%
Facility - Cable	0	0%	109	0%	1,178	0%	1,199	0%
Facility - Trash	1,125	0%	1,099	0%	12,957	0%	12,089	0%
Facility - Telephone	487	0%	433	0%	5,777	0%	4,763	0%
Facility - Bldg Repair/Maint	8,776	0%	8,596	0%	78,401	0%	94,546	0%
Facility - Janitor/Housekeeping	5,866	0%	5,354	0%	81,673	0%	68,894	0%
Facility - Security	0	0%	417	0%	5,083	0%	4,587	0%
Admin - Dues/Books/Subs	22	0%	380	0%	7,311	0%	4,180	0%
Admin - Licenses/Fees	893	0%	2,219	0%	32,617	0%	24,409	0%
Admin - Miscellaneous	0	0%	0	0%	300	0%	0	0%
Admin - Office Supplies	7,677	0%	3,705	0%	41,271	0%	40,755	0%
Admin - Rent Office Equip	1,750	0%	1,239	0%	17,169	0%	13,629	0%
Admin - Office Equip R&M	0	0%	13	0%	26	0%	143	0%
Admin - Minor Equipment	0	0%	74	0%	4,120	0%	814	0%
Total Other Operating Expenses:	100,877	2%	73,365	2%	1,007,169	2%	807,016	2%
Total Expenses:	763,384	15%	722,335	17%	8,466,445	16%	8,322,125	17%
Net Income from Operations:	392,367	8%	286,051	7%	3,323,562	6%	3,426,148	7%
Earnings before Income Tax:	392,367	8%	286,051	7%	3,323,562	6%	3,426,148	7%
Net Income (Loss):	392,367	8%	286,051	7%	3,323,562	6%	3,426,148	7%

Balance Sheet
As of 11/30/2017

Campbell Clinic Surgery Center LLC (CSC)

Assets					
Current Assets					
1010-000-00	Cash - Checking (FTB)	$	1,187,298.68		
1020-000-00	Cash - Refund (FTB)	$	2,500.00		
1090-000-00	Petty Cash	$	500.00		
1210-000-00	A/R - Patients	$	3,684,872.05		
1250-000-00	A/R Allowance - Cash Basis Adj	$	-2,371,197.47		
1299-000-00	Allowance Doubtful Accts	$	-1,260,349.15		
	Total Current Assets:			$	1,243,624.11
Fixed Assets					
1510-000-00	Plant Prop & Eqpt - Med Eqpt	$	3,361,735.01		
1511-000-00	Plant Prop & Eqpt - A/D Med Eq	$	-3,084,116.63		
1520-000-00	Plant Prop & Eqpt - Off Eqpt	$	263,845.56		
1521-000-00	Plant Prop & Eqpt - A/D Off Eq	$	-222,130.74		
1525-000-00	Plant Prop & Eqpt - Software	$	46,816.00		
1526-000-00	Plant Prop & Eqpt - A/D Softwr	$	-46,816.00		
1530-000-00	Plant Prop & Eqpt - Off Furn	$	65,835.92		
1531-000-00	Plant Prop & Eqpt - A/D Off Fu	$	-65,835.92		
1540-000-00	Plant Prop & Eqpt - Sx Instru	$	811,534.91		
1541-000-00	Plant Prop & Eqpt - A/D Sx Ins	$	-811,446.11		
1550-000-00	Plant Prop & Eqpt - L/Hold Off	$	130,764.84		
1551-000-00	Plant Prop & Eqpt - A/D L/H Of	$	-110,683.14		
	Total Fixed Assets:			$	339,503.70
	Total Assets:			$	1,583,127.81
Liabilities					
2002-000-00	Accounts Payable Credit Card	$	-136,411.10		
2100-000-00	Payroll Liabilities Payable	$	-0.05		
2105-000-01	Insurance W/H (Dental)	$	1,903.56		
2105-000-03	Insurance W/H (Cancer)	$	18.20		
2105-000-05	Insurance W/H (Life)	$	-59.30		
2105-000-06	Insurance W/H (STD)	$	-183.67		
2105-000-08	Insurance W/H (Vision)	$	279.38		
2106-000-00	Other Payroll W/H	$	143.50		
2106-000-01	Other Payroll W/H (ID Shield/Legal)	$	84.27		
2250-000-00	Note Payable - Magna Bank MTSC Equip Loan	$	93,102.75		
	Total Liabilities:			$	-41,122.46
Equity					
3100-000-00	Contributed Capital	$	1,000.00		
3512-000-00	Distribution - Campbell Clinic	$	-39,495,871.55		
3900-000-00	Retained Earnings	$	36,188,361.81		
3900-000-00	Retained Earnings-Current Year	$	4,930,760.01		
	Total Equity:			$	1,624,250.27
	Total Liabilities & Equity:			$	1,583,127.81

Income Statement
For The 12 Periods Ended 12/31/2016
GTWN

Campbell Clinic Surgery Center LLC (CSC)

	Period to Date	%	ORIGINAL PTD Budget	%	Year to Date	%	ORIGINAL YTD Budget	%
Revenue								
Gross Patient Revenue - Ortho GTWN	4,700,903	87%	3,069,090	81%	45,581,179	82%	38,977,447	81%
Gross Patient Revenue - Pain GTWN	689,680	13%	734,374	19%	10,049,425	18%	9,326,554	19%
Total Revenue:	5,390,583	100%	3,803,464	100%	55,630,604	100%	48,304,001	100%
Adjustments								
Contractual Adjustment - GTWN	4,026,661	75%	2,890,633	76%	42,677,632	77%	36,711,040	76%
Total Adjustments:	4,026,661	75%	2,890,633	76%	42,677,632	77%	36,711,040	76%
Gross Profit:	1,363,922	25%	912,831	24%	12,952,972	23%	11,592,961	24%
Expenses								
Personnel Expenses								
Salaries & Wages - Bus Office	37,409	1%	34,752	1%	406,417	1%	451,778	1%
Salaries & Wages - Clinical	175,951	3%	150,521	4%	2,060,198	4%	1,956,772	4%
Salaries & Wages - Gain/Bonus	85,550	2%	30,000	1%	234,921	0%	120,000	0%
Payroll Taxes	19,670	0%	14,880	0%	194,909	0%	193,438	0%
Personnel - Education	355	0%	1,000	0%	9,954	0%	12,000	0%
Total Personnel Expenses:	318,935	6%	231,153	6%	2,906,399	5%	2,733,988	6%
Clinical Expenses								
Clinic - Small Instruments	2,382	0%	3,393	0%	53,355	0%	40,716	0%
Clinic - Surgical Supplies	71,843	1%	76,812	2%	1,048,607	2%	921,744	2%
Clinic - Implants	138,275	3%	157,658	4%	2,462,502	4%	1,891,896	4%
Clinic - Oxygen/Medical Gas	314	0%	1,805	0%	24,177	0%	21,660	0%
Clinic - Anesthesia Supplies	2,287	0%	1,935	0%	47,988	0%	23,220	0%
Clinic - IV Solutions	1,439	0%	2,630	0%	32,684	0%	31,560	0%
Clinic - Anesthesia Pharmaceuticals	24,889	0%	8,205	0%	157,827	0%	98,460	0%
Clinic - Pharmaceuticals	18,107	0%	11,832	0%	155,960	0%	141,984	0%
Clinic - Sutures	3,312	0%	4,656	0%	71,713	0%	55,872	0%
Clinic - Xray Film & Supplies	0	0%	346	0%	4,568	0%	4,152	0%
Clinic - Disposable Packs	8,802	0%	19,936	1%	251,184	0%	239,232	0%
Clinic - Trash/Medical Waste	9,590	0%	6,386	0%	131,258	0%	76,632	0%
Clinic - Uniforms/Laundry	6,421	0%	14,004	0%	199,141	0%	168,048	0%
Clinic - Food Patient/Employee	1,742	0%	2,922	0%	36,460	0%	35,064	0%
Clinic - Equip R&M Contract	11,705	0%	12,842	0%	178,931	0%	154,104	0%
Clinic - Equip/Instr R&M	2,215	0%	1,815	0%	28,968	0%	21,780	0%
Clinic - Lab Services	0	0%	166	0%	6,267	0%	2,003	0%

Income Statement
For The 12 Periods Ended 12/31/2016
GTWN

Campbell Clinic Surgery Center LLC (CSC)

	Period to Date	%	ORIGINAL PTD Budget	%	Year to Date	%	ORIGINAL YTD Budget	%
Total Clinical Expenses:	303,323	6%	327,343	9%	4,881,690	9%	3,928,127	8%
Other Operating Expenses								
Personnel - Contract Employees	7,727	0%	1,667	0%	80,741	0%	20,004	0%
Facility - Rent/Lease	244,834	5%	33,000	1%	612,239	1%	396,000	1%
Facility - Property Taxes	69,325	1%	105,623	3%	107,838	0%	105,623	0%
Facility - Utilities	7,604	0%	11,564	0%	112,674	0%	138,768	0%
Facility - Cable	0	0%	126	0%	1,271	0%	1,500	0%
Facility - Trash	1,114	0%	1,298	0%	12,809	0%	15,576	0%
Facility - Telephone	70	0%	474	0%	5,044	0%	5,688	0%
Facility - Bldg Repair/Maint	6,740	0%	11,326	0%	101,014	0%	135,912	0%
Facility - Janitor/Housekeeping	9,345	0%	5,354	0%	66,324	0%	64,248	0%
Facility - Security	0	0%	3,399	0%	4,950	0%	40,788	0%
Admin - Dues/Books/Subs	-80	0%	356	0%	5,821	0%	4,272	0%
Admin - Licenses/Fees	-2,050	0%	3,502	0%	33,985	0%	42,024	0%
Admin - Office Furniture	0	0%	0	0%	105	0%	0	0%
Admin - Office Supplies	3,248	0%	4,748	0%	40,623	0%	56,976	0%
Admin - Rent Office Equip	193	0%	963	0%	18,978	0%	11,556	0%
Admin - Office Equip R&M	0	0%	208	0%	193	0%	2,496	0%
Admin - Minor Equipment	0	0%	191	0%	1,136	0%	2,292	0%
Total Other Operating Expenses:	348,070	6%	183,798	5%	1,205,745	2%	1,043,723	2%
Total Expenses:	970,328	18%	742,294	20%	8,993,734	16%	7,705,838	15%
Net Income from Operations:	393,594	7%	170,537	4%	3,959,238	7%	3,887,123	8%
Earnings before Income Tax:	393,594	7%	170,537	4%	3,959,238	7%	3,887,123	8%
Net Income (Loss):	393,594	7%	170,537	4%	3,959,238	7%	3,887,123	8%

Balance Sheet
As of 12/31/2016

Campbell Clinic Surgery Center LLC (CSC)

Assets					
Current Assets					
1010-000-00	Cash - Checking (FTB)	$	31,778.67		
1090-000-00	Petty Cash	$	500.00		
1210-000-00	A/R - Patients	$	3,788,990.70		
1250-000-00	A/R Allowance - Cash Basis Adj	$	-2,528,641.55		
1299-000-00	Allowance Doubtful Accts	$	-1,260,349.15		
	Total Current Assets:			$	32,278.67
Fixed Assets					
1510-000-00	Plant Prop & Eqpt - Med Eqpt	$	3,058,880.47		
1511-000-00	Plant Prop & Eqpt - A/D Med Eq	$	-2,822,284.73		
1520-000-00	Plant Prop & Eqpt - Off Eqpt	$	194,175.56		
1521-000-00	Plant Prop & Eqpt - A/D Off Eq	$	-176,293.19		
1525-000-00	Plant Prop & Eqpt - Software	$	46,816.00		
1526-000-00	Plant Prop & Eqpt - A/D Softwr	$	-46,816.00		
1530-000-00	Plant Prop & Eqpt - Off Furn	$	65,835.92		
1531-000-00	Plant Prop & Eqpt - A/D Off Fu	$	-65,835.92		
1540-000-00	Plant Prop & Eqpt - Sx Instru	$	811,534.91		
1541-000-00	Plant Prop & Eqpt - A/D Sx Ins	$	-811,229.08		
1550-000-00	Plant Prop & Eqpt - L/Hold Off	$	130,764.84		
1551-000-00	Plant Prop & Eqpt - A/D L/H Of	$	-108,805.11		
	Total Fixed Assets:			$	276,743.67
	Total Assets:			$	309,022.34
Liabilities					
2100-000-00	Payroll Liabilities Payable	$	-0.04		
2105-000-01	Insurance W/H (Dental)	$	3,019.11		
2105-000-03	Insurance W/H (Cancer)	$	18.20		
2105-000-08	Insurance W/H (Vision)	$	-482.40		
2150-000-00	Cafeteria Plan Payable	$	-499.98		
2250-000-00	Note Payable - Magna Bank MTSC Equip Loan	$	183,477.19		
	Total Liabilities:			$	185,532.08
Equity					
3100-000-00	Contributed Capital	$	1,000.00		
3512-000-00	Distribution - Campbell Clinic	$	-36,065,871.55		
3900-000-00	Retained Earnings	$	30,758,108.24		
3900-000-00	Retained Earnings-Current Year	$	5,430,253.57		
	Total Equity:			$	123,490.26
	Total Liabilities & Equity:			$	309,022.34

B-Orderly Development-4B

TDOH and Joint Commission Findings and Corrections

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975 C HIGHWAY 45 BYPASS
JACKSON, TENNESSEE 38305
731-984-9684

November 28, 2016

Ms. Cynthia Armistead
Campbell Clinic Surgery Center
1410 Brierbrook Road
Germantown, TN 38138

RE: Follow-up Life Safety Survey – 11/17/16

Dear Ms. Armistead:

On November 17, 2016, a surveyor from our office completed a revisit to verify that your facility had achieved and maintained compliance. Based on our revisit, we found that your facility had demonstrated compliance with deficiencies cited on the recertification life safety survey conducted on August 24, 2016.

If this office may be of any assistance to you, please do not hesitate to call the West Tennessee Regional Office at 731-984-9711.

Sincerely,

Kathy Zeigler, PHNC2

Kathy Zeigler, RN
Public Health Nurse Consultant 2

KZ/ab

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975 C HIGHWAY 45 BYPASS
JACKSON, TENNESSEE 38305
731-984-9684

IMPORTANT NOTICE – PLEASE READ CAREFULLY
(Receipt of this notice presumed to be 11/01/16 - date notice emailed/faxed.)

November 1, 2016

Ms. Cynthia Armistead
Campbell Clinic Surgery Center
1410 Brierbrook Road
Germantown, TN 38138

RE: Unacceptable Plan of Correction
Follow-up Life Safety Survey –9/26/16

Dear Ms. Armistead:

Enclosed is another copy of the statement of deficiencies as a result of your follow-up life safety survey that was completed on September 26, 2016. **Based** upon §488.28, **you were asked to submit an acceptable plan of correction for achieving compliance within (10) days from the date of that original letter (October 27, 2016). Corrective action must be achieved no later than forty-five (45) days from the date of the survey (November 10, 2016).** Your Plan of Correction was reviewed and found to be ***unacceptable*** due to the following reasons:

Tag K 130

- **Plan of correction must include the fire stop systems that will be used to repair the penetrations.**
- **Plan of correction must include how you will prevent the same deficiency from happening again.**

To be acceptable, a plan of correction must respond to each deficiency noted stating specifically how each deficiency will be corrected and give the approximate date of completion. It is essential for purposes of clarification, as well as your best interest, that your plan of correction specifies the exact measures which will be taken to correct each deficiency. As both the statements of deficiencies and plans of correction are subject to public disclosure, statements such as will comply by, will complete by, and already corrected will not be considered acceptable.

Your plan of correction must contain the following indicators:

- How the deficiency will be corrected.
- How the facility will prevent the same deficiency from recurring.
- The date the deficiency will be corrected.
- How the corrective action will be monitored to ensure that the deficient practice does not recur.
- Only titles can be used in your Plan of Corrections; no proper names.

Whenever possible, please contain your plan of correction responses to the form furnished to you. In the event you need additional space, please continue your response on your letterhead or on plain stationery with the name of your facility, address and other identifying information. The Plan of Correction must be **submitted on the enclosed CMS Form 2567, signed, titled and dated** by the administrator or representative before it is considered "acceptable".

An acceptable Plan of Correction is required in order for this office to recommend that your facility be licensed. If assistance is needed, please feel free to call me at 731-984-9711.

Sincerely

Kathy Zeigler, PHNC2

Kathy Zeigler, RN
Public Health Nurse Consultant II

KZ/ab

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/01/2016
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED R 09/26/2016
	44C0001117		

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
CAMPBELL CLINIC SURGERY CENTER LLC	1410 BRIERBROOK ROAD GERMANTOWN, TN 38138

(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
{K 130}	416.44(b)(1) MISCELLANEOUS OTHER LSC DEFICIENCY NOT ON 2786 This STANDARD is not met as evidenced by: National Fire Protection Association (NFPA) 101, 8.2.3.2.4.2 (2000 Ed.) Pipes, conduits, bus ducts, cables, wires, air ducts, pneumatic tubes and ducts, and similar building service equipment that pass through fire barriers shall be protected as follows: (1) The space between the penetrating item and the fire barrier shall meet one of the following conditions: a. It shall be filled with a material that is capable of maintaining the fire resistance of the fire barrier. b. It shall be protected by an approved device that is designed for the specific purpose. (2) Where the penetrating item uses a sleeve to penetrate the fire barrier, the sleeve shall be solidly set in the fire barrier, and the space between the item and the sleeve shall meet one of the following conditions: a. It shall be filled with a material that is capable of maintaining the fire resistance of the fire barrier. b. It shall be protected by an approved device that is designed for the specific purpose. (3) * Insulation and coverings for pipes and ducts shall not pass through the fire barrier unless one of the following conditions is met: a. The material shall be capable of maintaining the fire resistance of the fire barrier. b. The material shall be protected by an approved device that is designed for the specific purpose. (4) Where designs take transmission of vibration into consideration, any vibration isolation shall meet one of the following conditions: a. It shall be made on either side of the fire	{K 130}	K-130 The deficiency will be corrected by installing the listed UL approved systems: 2nd page: 1a UL/cUL System No. WL 1054 1b UL/cUL System # W-L-7130 1c UL/cUL System # W-L-2128 2a UL/cUL System # W-L-7130 2b UL/cUL System # W-L-1408 2c UL/cUL System # W-L-7130 3a. - UL/cUL System # WL 1408 3.b. - UL/cUL System # W-L-1054 (cont. on page 2)	11/5/16

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE: Cynthia N. Armistead
TITLE: Administrator
(X6) DATE: 11-9-16

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.

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED
	44C0001117		R 09/26/2016

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
CAMPBELL CLINIC SURGERY CENTER LLC	1410 BRIERBROOK ROAD GERMANTOWN, TN 38138

(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
{K 130}	Continued From page 1 barrier. b. It shall be made by an approved device that is designed for the specific purpose. Based on observations, the facility failed to comply with the required life safety and building code regulations. The findings included: 1. Observation on 9/26/16 at 2:30 PM, revealed the following penetrations in the exterior mechanical room had unapproved fire stop: a. 2 conduits above the QA panel. b. a brace above the strut was sealed with unapproved fire stop. c. 5 metal conduits and 1 polyvinyl chloride conduit were not sealed with approved fire stop or methods in the corner above the B panel. d. the ceiling joist above the steam generator had unapproved fire stop. e. an unapproved drywall patch. f. the deck seam and ceiling joist above the exhaust panels had unapproved fire stop. National Fire Protection Association (NFPA) 101, 8.2.3.2.4.2 (2000 Ed.) 3. Observation on 8/24/16 at 8:55 AM, revealed the medical gas manifold room had the following penetrations in the 2 hour fire rated walls: a. an unapproved drywall patch. b. unapproved fire stop around the nitrogen line.	{K 130}	K-130 3.c. UL/cULL System # W-L-1054 3.d UL/cULL System # W-L-1243 3.e UL/cULL System # W-L-1054 3.f. UL/cULL System # W-L-1054 3.g. UL/cULL System # W-L-1054 3.h. UL/cULL System # W-L-1054 All above listed systems have been installed as of: 11/5/16 Campbell Clinic Surgery Center will monitor all workers performing maintenance or repair work on equipment and building to ensure (cont. on page 3)	11/5/16

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED
	44C0001117		R 09/26/2016

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
CAMPBELL CLINIC SURGERY CENTER LLC	1410 BRIERBROOK ROAD GERMANTOWN, TN 38138

(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
{K 130}	Continued From page 2 c. unapproved fire stop around the oxygen line. d. unapproved fire stop around the metallic flex from the nitrogen panel. e. unapproved fire stop around multiple metallic conduits. f. the opposite wall had blue unapproved fire stop material used to seal a 1 1/2 inch conduit. g. a 2 1/2 inch sprinkler line had unapproved fire stop at wall. h. 3 penetrations had unapproved fire stop.. National Fire Protection Association (NFPA) 101, 8.2.3.2.4.2 (2000 Ed.) These findings were verified during the survey by the maintenance director and acknowledged by the administrator during the exit conference on 9/26/16.	{K 130}	The workers notify Campbell Clinic Surgery Center representatives if rated firewall is penetrated. Further, to ensure rated firewalls are not compromised, with unapproved firewall stops, Campbell Clinic Surgery Center representative will monitor all areas on a quarterly basis. In the event work is performed, each individual job will also be monitored	11/5/16

AAAHC - Standard Survey Report

2014 AAAHC Survey Report

Campbell Clinic Surgery Center, LLC

Organization ID: 22743

Germantown, Tennessee

March 30, 2015 to March 31, 2015

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Information Regarding the AAAHC Survey Report

This *Survey Report* is used in conjunction with the *2014 Accreditation Handbook for Ambulatory Health Care*. This Survey Report reflects an evaluation of the organization's compliance with the standards as stated in the *Handbook*.

Evaluation of the Standards

SC -- Substantial Compliance indicates that the organization's current operations are acceptable and meet the standards. May require supporting comments to clarify or elaborate.
PC -- Partial Compliance indicates that a portion of the item is acceptable, but other areas need to be addressed. Requires supporting comments.
NC -- Non-Compliance indicates that the organization's current operations do not meet the standards. Requires supporting comments.
N/A -- Not Applicable indicates that the standard does not apply to the organization.

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5250 Old Orchard Road, Suite 200
Skokie, IL 60077

Internet: www.aaahc.org
E-Mail: info@aaahc.org

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References are made throughout this *Survey Report to the Life Safety Code®* and to NFPA 101®. Both are registered trademarks of the National Fire Protection Association, Quincy, Massachusetts.

The pronouns used in the Survey Report were chosen for the ease of reading. They are not intended to exclude reference to either gender.

Previous Deficiencies

Chapter	Standard	Previous Compliance Level	Previous Comment	Current Compliance Level	Current Comment	Deficiency Comment
2 - Governance II	B-3d	PC	DEA registration is not verified for the providers. They do have a copy of their DEA license in the credentialing file.	SC	DEA registrations noted for appropriate providers.	
2 - Governance II	B-6	PC	DEA is not verified.	SC	Information found in credentialing files was current.	
3 - Administration	B	PC	Adequate personnel policies are in place; however staff have two personnel files in addition to a separate health file. The two personnel files are unorganized, have missing documentation, and loose papers.	SC	Written personnel policies were noted and employees sign an acknowledgment of receiving and understanding of them.	
3 - Administration	B-3	PC	Orientation documentation is sketchy - although better for recent hires. There is not a comprehensive orientation check list dated and signed for most employees.	SC		
3 - Administration	B-7	PC	Neither job descriptions nor orientation documentation include compliance with the adverse incident reporting system.	SC		
4 - Quality of Care	G	PC	The center continues to have lab reports in the patients records which have not been signed by the ordering physicians.			
8 - Facilities	A-3	PC	The medical gases room is well vented with appropriate signage; however full and empty tanks are not identified. Tanks are chained in groups rather than individually per Medicare requirements.	SC		
8 - Facilities	B-5	PC	The center has outgrown the waiting room and needs additional	SC		

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			toilets per staff remarks.			
8 - Facilities	B-7	PC	Parking is inadequate several days a week. The center is aware of this and is making plans accordingly.			
8 - Facilities	N	PC	The center has outgrown their capacity for storage, parking, and the waiting room. They are well into the planning stage for a new building or addition.	SC	While the main site is more limited in space especially for preoperative patients and families in the waiting room, the operating room and recovery areas are sufficient in size. Parking is also limited at the main location; however, patients can park at the adjacent Campbell Medical Clinic.	
12 - CLIA Waived Labs I	D	PC	There is not a clear process for identifying the number of results to be reviewed and whether the physician of record has reviewed the results prior to putting in the chart.	SC	The organization faxes pathology results to the physician/surgeon and on-site testing is reviewed before incorporating into the clinical record.	

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Satellite Facilities Overview

Standard		Compliance Rating	Comments
1	Does the organization have more than one facility?	Yes	
2	If the organization has more than one facility, list those that are to be included in the accreditation.		Campbell Clinic Surgery Center LLC 1410 Brierbrook Rd/Germantown, TN 38138-2257 Campbell Clinic Surgery Center LLC- Midtown 255 S. Pauline Memphis, TN 38104 Campbell Clinic Surgery Center, LLC Campbell Clinic Surgery Center Midtown
3	List the names and addresses of the satellite location that were reviewed.		Campbell Clinic Surgery Center, LLC--main site 1410 Brierbrook Road Germantown, TN 38138 Campbell Clinic Surgery Center Midtown--satellite location 255 S Pauline Memphis, TN 38104
4	Provide a brief description of the satellite locations reviewed during the survey, including information on the quality of care rendered, clinical records, and facilities and environment. If applicable, also include information on pharmaceutical services, pathology and medical laboratory services, diagnostic and therapeutic imaging, occupational health services, surgical services, and anesthesia services.		The satellite location provides the same services as the main location including orthopedic and pain management. Both sites maintain their medical records, have integrated QI/risk management/peer review process and utilize many of the same orthopedic physicians. A contract with a different anesthesia group is the only difference between the satellite and main location.

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Chapter 1 - Patient Rights and Responsibilities

Standard		Compliance Rating	Comments
	An accreditable organization recognizes the basic human rights of patients. Such an organization has the following characteristics.		
	Overall Chapter Compliance Level	SC	
A	Patients are treated with respect, consideration, and dignity.	SC	
B	Patients are provided appropriate privacy.	SC	The check in area at the Midtown center has a separate room. Privacy curtains are utilized in the pre-op and recovery room areas.
C	When the need arises, reasonable attempts are made for health care professionals and other staff to communicate in the language or manner primarily used by patients.	SC	Provisions for Spanish speaking patients are in place.
D	Patients are provided, to the degree known, information concerning their diagnosis, evaluation, treatment, and prognosis. When it is medically inadvisable to give such information to a patient, the information is provided to a person designated by the patient or to a legally authorized person.	SC	
E	Patients are given the opportunity to participate in decisions involving their health care, except when such participation is contraindicated for medical reasons.	SC	
F	Information is available to patients and staff concerning:	SC	There was a 3 ring binder located in the waiting rooms of each facility that had all the patients rights and responsibilities listed.
F.1	Patient rights, including those specified in A, B, C, D, and E above.	SC	
F.2	Patient conduct, responsibilities, and participation.	SC	
F.3	Services available at the organization.	SC	
F.4	Provisions for after-hours and emergency care.	SC	All patients were provided with written instructions at the time of discharge that also specified how to obtain after-hours care if needed. The after hours phone message also directed the caller on how to obtain care if necessary. The after-hours telephone number tells patients to call 911 for life-threatening emergencies.
F.5	Fees for services.	SC	The surveyor observed/listened to the business office personnel explain in detail the fees for service, expected amounts of payment and details of a payment plan if necessary. The individual having the conversation with the

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			patients on the phone did an excellent job of explaining the process and expectations.
F.6	Payment policies.	SC	
F.7	Patient's right to refuse to participate in research.	NA	
F.8	Advance directives, as required by state or federal law and regulations.	SC	
F.9	The credentials of health care professionals.	SC	Patients were informed of all professionals who might participate in their care including residents and fellows.
F.10	The absence of malpractice coverage if applicable.	NA	All providers must carry malpractice insurance with minimum limits of $1 million occurrence and $3 million aggregate.
F.11	How to voice grievances regarding treatment or care that is (or fails to be) furnished.	SC	
F.12	Methods for providing feedback, including complaints.	SC	
G	Prior to receiving care, patients are informed of patient responsibilities. These responsibilities require the patient to:	SC	
G.1	Provide complete and accurate information to the best of his/her ability about his/her health, any medications, including over-the-counter products and dietary supplements and any allergies or sensitivities.	SC	
G.2	Follow the treatment plan prescribed by his/her provider and participate in his/her care.	SC	
G.3	Provide a responsible adult to transport him/her home from the facility and remain with him/her for 24 hours, if required by his/her provider.	SC	All patients having procedures are required to have a responsible adult assist them for 24 hours.
G.4	Accept personal financial responsibility for any charges not covered by his/her insurance.	SC	Explanations are provided to patients in detail prior to arrival for procedure.
G.5	Be respectful of all the health care professionals and staff, as well as other patients.	SC	
H	Patients are informed of their right to change providers if other qualified providers are available.	SC	
	Consultative Comments		**Consultative Comments**

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Chapter 2 - Governance - General Requirements I

Standard		Compliance Rating	Comments
	An accreditable organization has a governing body that sets policy and is responsible for the organization. Such an organization has the following characteristics.		
	Overall Chapter Compliance Level	SC	
	Subchapter I - General Requirements: This subchapter describes general requirements for an organization and its governing body.	SC	
A	The organization is a legally constituted entity, or an organized sub-unit of a legally constituted entity, or is a sole proprietorship in the state(s) in which it is located and provides services.	SC	The Campbell Clinic Surgery Center is a well established LLC with 40 physician owners.
A.1	A legally constituted entity is documented by at least one of the following: articles of organization, articles of incorporation, partnership agreement, operating agreement, legislative or executive act, or bylaws, unless the organization is a sole proprietorship.	SC	
B	The names and addresses of all owners or controlling parties (whether individuals, partnerships, trusts, corporate bodies or subdivisions of other bodies, such as public agencies or religious, fraternal, or other philanthropic organizations) are available upon request and furnished to the Accreditation Association for Ambulatory Health Care, Inc (AAAHC).	SC	A written list of the Campbell Clinic shareholders was given to the surveyor.
C	The governing body addresses and is fully and legally responsible, either directly or by appropriate professional delegation, for the operation and performance of the organization. Governing body responsibilities include, but are not limited to:	SC	
C.1	Determining the mission, goals, and objectives of the organization.	SC	Meeting minutes describe the mission, goals and strategic plan for future growth.
C.2	Ensuring that facilities and personnel are adequate and appropriate to carry out the mission.	SC	The organization has outgrown the current Germantown facility. There are plans to build a new larger facility at the same site.
C.3	Establishing an organizational structure and specifying functional relationships among the various components of the organization.	SC	Organizational charts displays relationships and lines of authority.
C.4	Adopting bylaws or similar rules and regulations for the orderly development and management of the organization.	SC	Written bylaws are in place and evidence of updates was noted.

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C.5	Adopting policies and procedures necessary for the orderly conduct of the organization, including the organization's scope of clinical activities.	SC	
C.6	The organization defines pediatric patients and develops and maintains a policy defining the care of pediatric patients, if relevant; specific components of perioperative care are listed in Standard 10.I.AA.	SC	The organization see patients that at a minimum are several months of age.
C.7	Ensuring that the quality of care is evaluated and that identified problems are appropriately addressed.	SC	There are multiple committees addressing different aspects of care. All committees report back to the Board of Directors through a defined chain of command.
C.8	Reviewing all legal and ethical matters concerning the organization and its staff and, when necessary, responding appropriately.	SC	
C.9	Maintaining effective communication throughout the organization, including ensuring links between quality management and improvement activities and other management functions of the organization.	SC	
C.10	Establishing a system of financial management and accountability appropriate to the organization.	SC	Specific financial policies and procedures were found. The business office personnel as well as the administrator also explained the policies verbally.
C.11	Determining a policy on the rights and responsibilities of patients.	SC	
C.12	Approving and assuring compliance of all major contracts or arrangements affecting the medical and dental care provided under its auspices and ensuring that services are provided in a safe and effective manner, including, but not limited to, those concerning:	SC	
C.12.a	The employment or contracting of health care professionals.	SC	
C.12.b	The provision of external services for radiology, pathology, medical laboratory and housekeeping services.	SC	Contracts for these services were noted.
C.12.c	The provision of care by other health care organizations, such as hospitals.	SC	
C.12.d	The provision of education to students and postgraduate trainees.	SC	Contracts for residence and fellows are noted with the Department of Orthopedics at the University of Tennessee.
C.12.e	The provision of after-hours patient information or telephone triage services, including the review of protocols.	SC	
C.12.f	The Centers for Medicare & Medicaid Services (CMS) requirements, if the organization participates in the Medicare/Medicaid program.	PC	See comments 8A-2 and 8E.
C.12.g	The activities or services delegated to another entity.	SC	
C.13	Formulating long-range plans in accordance with the mission, goals and	SC	The center has clearly defined long range plans including expansion and

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	objectives of the organization.		building a new facility.
C.14	Fulfilling all applicable obligations under local, state, and federal laws and regulations, such as those addressing disabilities, medical privacy, grievances, fraud and abuse, self-referral, anti-trust, reporting to the National Practitioner Data Bank (NPDB)[1], etc.	SC	
C.15	Assuring that none of the marketing and advertising regarding the competence and capabilities of the organization is misleading.	SC	
C.16	Developing a program of risk management appropriate to the organization that includes review of risk management activities.	SC	
C.17	Determining a policy on continuing education for personnel and/or patient education for members/enrollees, if applicable.	SC	
C.18	Development, implementation and oversight of the organization's infection control and safety programs to ensure a safe environment of care.	SC	
D	Accredited organizations must notify the AAAHC in writing within 15 calendar days of significant organizational, ownership, operational or quality of care events, including criminal indictment, guilty plea or verdict in a criminal proceeding (other than a traffic violation) directly or indirectly involving the organization or any of its officers, administrators, physicians/health care professionals, or staff within their role in the organization. Any such change/event that negatively affects the public's perception of the accredited organization or AAAHC, as the accrediting body, must also be reported. An organization's duty to provide this information continues during the entire accreditation term.	SC	
E	Representation of accreditation to the public must accurately reflect the AAAHC-accredited entity.	SC	
F	The governing body meets at least annually, or more frequently as determined by the governing body and keeps such minutes or other records as may be necessary for the orderly conduct of the organization.	SC	Board of Directors meet on a regular basis and written meeting minutes are noted.
G	Items to be reviewed should include, but are not limited to:	SC	Written documentation that the items listed in this standard was found in the meeting minutes.
G.1	Rights of patients.	SC	
G.2	Delegated administrative responsibilities.	SC	
G.3	Quality of care.	SC	
G.4	The quality management and improvement program.	SC	

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G.5	The organization's policies and procedures.	SC	
G.6	The appointment/reappointment process.	SC	
G.7	The infection control program.	SC	
G.8	The safety program.	SC	
G.9	Compliance with all other applicable Standards.	SC	
H	If the governing body elects, appoints, or employs officers and administrators to carry out its directives, the authority, responsibility, and functions of all such positions are defined.	SC	The Board of Directors employs and delegates authority to an administrator to carry out its directives.
	Consultative Comments		**Consultative Comments**
	[1]For information on the National Practitioner Data Bank, see http://www.npdb-hlpdb.hrsa.gov		

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Chapter 2 - Governance - Credentialing and Privileging II

Standard		Compliance Rating	Comments
	Credentialing is a three-phase process of assessing and validating the qualifications of an individual to provide services. The objective of credentialing is to establish that the applicant has the specialized professional background that he or she claims and that the position requires. An accreditable organization: **1) establishes minimum training, experience and other requirements (i.e., credentials) for physicians and other health care professionals;** **2) establishes a process to review, assess, and validate an individual's qualifications, including education, training, experience, certification, licensure and any other competence-enhancing activities against the organization's established minimum requirements; and** **3) carries out the review, assessment, and validation as outlined in the organization's description of the process.**		
	Subchapter II - Credentialing and Privileging: This subchapter describes the requirements for credentialing and privileging of health care professionals to provide patient care in an accreditable organization. Organizations may find the *Worksheets and Forms* located in the back of this *Handbook* helpful in creating medical staff applications and in measuring compliance with credentials verification processes.	SC	
	Number of credential files reviewed during the survey:	12	
	Description of how records were selected:		Random, including anesthesia providers, CRNAs and surgeons.
A	The medical staff must be accountable to the governing body. The governing body establishes and is responsible for a credentialing and reappointment process, applying criteria in a uniform manner to appoint individuals to provide patient care for the organization. The governing body approves mechanisms for credentialing, reappointment, and the granting of privileges, and suspending or terminating clinical privileges, including provisions for appeal of such decisions.	SC	The governing body is responsible for credentialing and reappointment of physicians, fellows and allied health care providers.
B	The governing body, either directly or by delegation, makes (in a manner consistent with state law) initial appointment, reappointment, and assignment or curtailment of clinical privileges of medical staff members based on professional peer evaluation. This process has the following characteristics:	SC	All providers are credentialed for a maximum of 2 years per state requirements.
B.1	The governing body has specific criteria for the initial appointment and reappointment of physicians and dentists.	SC	
B.2	Provisions are made for the expeditious processing of applications for clinical	SC	There is a well defined time line for credentialing and recredentialing process.

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	privileges.		
B.3	On an application for initial credentialing and privileges, the applicant is required to provide sufficient evidence of training, experience, and current documented competence in performance of the procedures for which privileges are requested. At a minimum, the following credentialing and privileging information shall be provided for evaluation of the candidate:	PC	See comments below.
B.3.a	Education, training, and experience: Relevant education and training are verified at the time of appointment and initial granting of clinical privileges; the applicant's experience is reviewed for continuity, relevance, and documentation of any interruptions in that experience.	PC	Current and past hospital/clinic associations were not verified for most current physician applicants especially when the applicant relocated from out of state.
B.3.b	Peer evaluation: Current competence is verified and documented.	PC	8 of 10 credentialing files had Quality Review profiles noted. The Quality Review profile is considered a Peer Review document. *
B.3.c	Current state license: Current licensure is verified and documented at the time of appointment.	SC	Current licenses were noted for all providers.
B.3.d	Drug Enforcement Administration (DEA) registration, if applicable.	SC	DEA registrations noted for appropriate providers.
B.3.e	Proof of current medical liability coverage meeting governing body requirements, if any.	SC	Current medical liability coverage was noted for all providers. Minimum requirement is $1 million- $3 million per policy.
B.3.f	Information obtained from the National Practitioner Data Bank (NPDB)[1] **Note:** The NPDB Proactive Disclosure Services (PDS) is an acceptable service for meeting the requirement for querying the NPDB (see Resources).	SC	A NPDB query was noted for all credentialing files reviewed.
B.3.g	The organization requires, at initial appointment and reappointment, written attestation from the applicant addressing other pertinent information which includes, but need not be limited to:	PC	See specific comments in B.3.g.i and B.3.g.ii. *
B.3.g.i	Professional liability claims history.	PC	The organization inquires about professional liability claims on the initial application. The application states if any of the answers are "yes," then the applicant must explain in writing the circumstances. The most current physician credentialed denied being named as a defendant in any malpractice case. The NPDB indicates a settlement paid 10-3-2003. No written explanation found in the credentialing file and no verbal explanation given. * One credentialing file reviewed the applicant stated that they had been named as a defendant in a malpractice case. There was neither a written or verbal explanation of the circumstances surrounding the claim. The NPDB did not show evidence of this issue.
B.3.g.ii	Information on licensure revocation, suspension, voluntary relinquishment, licensure probationary status, or other licensure conditions or limitations.	PC	One CRNA applicant answered "yes" to the following question on his application. Have you ever been charged with or convicted of a felony or *

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			misdemeanor, other than a traffic violation? There is no written or verbal explanation given. The application states if the reply is "yes," then a written explanation providing full detail must be given. The NPDB states the license was reprimanded or censured on 9/27/06 and reinstated on 9/27/06. Basis for initial action was described as criminal conviction, fraud, deceit or material omission in obtaining license or credentials.
B.3.g.iii	Complaints or adverse action reports filed against the applicant with a local, state, or national professional society or licensure board.	SC	No complaints or adverse actions were found.
B.3.g.iv	Refusal or cancellation of professional liability coverage.	SC	
B.3.g.v	Denial, suspension, limitation, termination or nonrenewal of professional privileges at any hospital, health plan, medical group, or other health care entity.	SC	
B.3.g.vi	DEA and state license action.	SC	
B.3.g.vii	Disclosure of any Medicare/Medicaid sanctions.	SC	OIG verification noted for all providers.
B.3.g.viii	Conviction of a criminal offense (other than minor traffic violations).	PC	See comments above in B.3.g.iii
B.3.g.ix	Current physical, mental health, or chemical dependency problems that would interfere with an applicant's ability to provide high-quality patient care and professional services.	SC	
B.3.g.x	Signed statement releasing the organization from liability and attesting to the correctness and completeness of the submitted information.	SC	Signed statements were noted on all files reviewed.
B.4	Upon completion of the application, the credentials are verified according to procedures established in the organization's bylaws, rules and regulations, or policies. The organization has established procedures to obtain information necessary for primary or secondary source verification of the credentials and is responsible for obtaining this information. An accreditable organization may use information provided by a Credentials Verification Organization (CVO) after proper assessment of the capability and quality of the CVO. Alternatively, a CVO may demonstrate such capability and quality by becoming accredited or certified by a nationally recognized accreditation organization. Primary or acceptable secondary source verification is required for items listed in 2.II.B-3a-f, unless a CVO or an organization performing primary source verification that is accredited or certified by a nationally recognized body is used. If the organization utilizes a CVO or another organization to verify credentials, those entities must perform primary source verification unless such sources do not exist or are impossible to verify.	SC	
B.5	Medical staff must apply for reappointment every three years, or more	PC	Providers are recredentialed every 2 years per state requirements. However,

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	frequently if state law or organizational policies so stipulate. At reappointment, the organization requires completion of a reappointment application and verifies items listed in Standard 2.II.B-3c-g and peer review activities as described in subchapter III.		see comments 2III-H.
B.6	The organization shall monitor and document the currency of date sensitive information such as licensure, professional liability insurance (if required), certifications, DEA registrations and other such items, where applicable, on an ongoing basis (at expiration, appointment, and re-appointment, at minimum.)	SC	Information found in credentialing files was current.
B.7	In a solo medical or dental practice, the provider's credentials file shall be reviewed by an outside physician (for a medical practice) or an outside dentist (for a dental practice) at least every three years, or more frequently, if state law or organizational policies so stipulate, to ensure currency, accuracy and completeness of credentials. The provider is required to complete an application or reapplication, and the documentation identified in Standard 2.II.B.3 must be present in the credentials file, including a list of procedures that will be performed by the provider in the organization/practice setting and evidence of appropriate education, training, and experience to perform the privileged procedures. Applications are available for other providers requesting credentialing and privileges to perform procedures in the solo provider's organization, including any anesthesia providers. In a solo provider's practice, the granting of privileges shall be reviewed by an outside physician (for medical practices) or dentist (for dental practices) with documentation provided to the organization.	NA	
	Privileging is a three-phase process. The objective of privileging is to determine the specific procedures and treatments that a health care professional may perform. An accreditable organization: 1) determines the clinical procedures and treatments that are offered to patients; 2) determines the qualifications related to training and experience that are required to authorize an applicant to obtain each privilege; and 3) establishes a process for evaluating the applicant's qualifications using appropriate criteria and approving, modifying, or denying any or all of the requested privileges in a non-arbitrary manner.		
C	The scope of procedures must be periodically reviewed by the governing body and amended as appropriate.	SC	
D	Privileges to carry out specified procedures are granted by the organization to the health care professional to practice for a specified period of time. The health care professional must be legally and professionally qualified for the privileges granted. These privileges are granted based on an applicant's qualifications within the services provided by the organization and recommendations from qualified medical personnel.	SC	
E	The organization has its own independent process of credentialing and privileging. The approval of credentials or the granting of privileges requires review and approval by the organization's governing body. Credentials may not	SC	

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	be approved, nor privileges granted, solely on the basis that another organization, such as a hospital, approved credentials or granted privileges, without further review. Such status at another organization may be included in the governing body's consideration of the application.		
F	The governing body provides a process (in a manner consistent with state law and based on evidence of education, training, experience, and current competence) for the initial appointment, reappointment, and assignment or curtailment of privileges and practice for allied health care professionals.	PC	A written policy for credentialing is noted. However, the policy is not always exactly followed. In 2 incidences there was no evidence of peer review considerations and see PC items in section B.
	Consultative Comments		**Consultative Comments** The credentialing files were very well organized, uniform and orderly. It was extremely easy to locate information/documents within the files. The center does not have a written policy that states applicants are required to maintain continuing education credits.(It is implied that this happens). Some files contained copies of continuing education credits. The center might want to consider adding a statement or attestation that the applicant has complied with the continuing education standards of their particular profession and can provide documentation if necessary. The application instructions clearly state that any affirmative answer requires a full detail explanation. Suggest setting up a process to follow up on missing information such as written explanations that are required. It was noted that: (1)there was no documented follow up on either of the applicants that disclosed "yes" answers on their application. (2)the information from the NPDB contradicted one of the applicants information disclosed on his application. There was no follow up noted. This facility recently credentialed 25 physical therapists. The physical therapists are employed by the office practice in some way. The physical therapists are only involved in the care of the total knee or hip replacement patients that can stay for 23 hours. This number is minimal compared to the overall case volume of the facility. The center might want to consider contracting with the group instead credentialing each individual provider. This center credentials 200+ anesthesia providers. The center might want to consider credentialing only the providers that actually provide care on a regular basis. In total the center has 40 surgeons, 200 plus anesthesia providers and 25 physical therapists credentialed. Credentialing this many providers is time

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			consuming and costly. Would suggest doing a quality improvement study on how many of the credentialed providers actually provide care in either center and calculate the time and money that is associated with those who actually provide care at the center verses the credentialed providers who have not provided care at the center. Might consider limiting the number of anesthesia providers in the next renewal of the anesthesia contract.
	[1]For information on the National Practitioner Data Bank, see http://www.npdb-hipdb.hrsa.gov		

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Chapter 2 - Governance - Peer Review III

Standard		Compliance Rating	Comments
	Subchapter III - Peer Review: An accreditable organization maintains an active and organized process for peer review that is integrated into the quality management and improvement program and is evidenced by the following characteristics:	SC	
A	The health care professionals understand, support, and participate in a peer review program through organized mechanisms that are consistent with the organization's policies and procedures, and are responsible to the governing body. The peer review activities are evidenced in the quality improvement program.	SC	
B	At least two physicians (or dentists in dental practices) are involved to provide peer-based review. (In solo physician or dental organizations, such as office-based surgical practices, independent practice associations, and dental practices, an outside physician or dentist is involved to provide peer-based review.)	SC	There is a peer review committee with multiple members.
C	At least two health care professionals, one of whom may be a physician or dentist, are involved to provide peer-based review within their scope of practice for professionals such as nurse practitioners, certified registered nurse anesthetists, and physician assistants. Peer review as part of an employee's performance evaluation is acceptable.	SC	There is a peer review committee dedicated to peer review activities.
D	The organization provides ongoing monitoring of important aspects of the care provided by physicians, dentists and other health care professionals. Monitoring important aspects of care is necessary for monitoring performance and establishing internal benchmarks.	SC	
E	Health care professionals participate in the development and application of the criteria used to evaluate the care they provide.	SC	
F	Data related to established criteria are collected in an ongoing manner and are periodically evaluated to identify acceptable or unacceptable trends or occurrences that affect patient outcomes.	SC	There were internal benchmarking studies being conducted comparing specific aspects of care by providers, such as length of stay in the recovery room and post-operative pain.
G	The results of peer review activities are reported to the governing body.	SC	
H	The results of peer review are used as part of the process for granting continuation of clinical privileges, as described in Chapter 2.II.	PC	The results of peer review are to be considered at the the of reappointment. 2 of the 12 credentialing files reviewed were missing the Quality Review Profile. *
I	To improve the professional competence and skill, as well as the quality of	SC	

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	performance, of the health care professionals and other professional personnel it employs, the organization:		
I.1	Provides convenient access to reliable, up-to-date information pertinent to the clinical, educational, administrative, and research services provided by the organization.	SC	
I.2	Encourages health care professionals to participate in educational programs and activities, as demonstrated in the organization's policies or procedures; these educational programs may be internal or external, and are consistent with the organization's mission, goals, and objectives.	SC	The Campbell Clinic physicians participate in the local residency and fellow programs.
	Consultative Comments		**Consultative Comments**

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Chapter 3 - Administration

Standard		Compliance Rating	Comments
	An accreditable organization is administered in a manner that ensures the provision of high-quality health services and that fulfills the organization's mission, goals, and objectives. Organizations may find it helpful to use the *Personnel Records Worksheet* to evaluate compliance with some Standards found in this chapter. The Worksheets and Forms section is located in the back of this Handbook.		
	Overall Chapter Compliance Level	SC	
	Number of personnel files reviewed during the survey:	8	
	Description of how records were selected:		Attempts were made to select files that covered most positions such as RN, RT, business office staff and supervisor. The files were randomly selected from these defined groups.
	An accreditable organization is administered in a manner that ensures the provision of high-quality health services and that fulfills the organization's mission, goals, and objectives. Organizations may find it helpful to use the *Personnel Records Worksheet*, found in the *Worksheets and Forms* section, to evaluate compliance with some Standards found in this chapter.		
A	Administrative policies, procedures and controls are established and implemented to ensure the orderly and efficient management of the organization. Administrative responsibilities include, but are not limited to:	SC	Written administrative policies were noted to address the elements of this standard.
A.1	Enforcing policies delegated by the governing body.	SC	
A.2	Employing qualified management personnel.	SC	
A.3	Taking all reasonable steps to comply with applicable laws and regulations.	SC	
A.4	Protecting the assets of the organization.	SC	
A.5	Implementing fiscal controls, including, but not limited to:	SC	Clearly defined written policies relating to fiscal controls were noted.
A.5.a	Authorization and record procedures that are adequate to provide accounting controls over assets, liabilities, revenues and expenses.	SC	
A.5.b	Policies and procedures for controlling accounts receivable and accounts payable and for handling cash and credit arrangements.	SC	Policies for adequate control of receivables and parables were noted. Staff was verbally able to explain processes in place.

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A.5.c	Rates and charges for services provided by the organization.	SC	
A.5.d	Methods of collection of unpaid accounts that are reviewed before referral to a collection agency.	SC	
A.6	Using methods of communicating and reporting designed to ensure the orderly flow of information within the organization.	SC	
A.7	Controlling the purchase, maintenance, and distribution of the equipment, materials, and facilities of the organization.	SC	Board of Directors meeting minutes show evidence of discussions regarding purchases and allocation of equipment.
A.8	Operating based on established lines of authority.	SC	
A.9	Establishing controls relating to the custody of the official documents of the organization.	PC	The personnel files need some attention. Each employee has a minimum of 3 files (health, human resources, education). Some of these files appear to have overlapping information. A majority of the files reviewed had the required information. However, these files do not contain consistent information, are not uniform in order, and have multiple loose papers. It is extremely difficult to locate the information you are looking for. The human resources file was the most disorganized of the 3 types of files.
A.10	Maintaining the confidentiality, security, and physical safety of data on patients and staff.	PC	Records containing patient data are scanned after approximately 3 to 6 months. Documents are then stored on a secure server with access only by approved personnel. However, see comments A-9 above.
A.11	Maintaining a health information system that supports the collection, integration, and analysis of data and allows reporting as necessary.	SC	
A.12	Dealing with inquiries from governmental agencies, attorneys, consumer advocate groups, and the media.	SC	Written policy in place defining inquiries from outside sources were noted.
B	Personnel policies are established and implemented to facilitate attainment of the mission, goals, and objectives of the organization. Personnel policies:	SC	Written personnel policies were noted and employees sign an acknowledgment of receiving and understanding of them.
B.1	Define and delineate functional responsibilities and authority.	SC	Job descriptions were noted in the personnel files reviewed.
B.2	Require the employment of personnel with qualifications commensurate with job responsibilities and authority, including appropriate licensure or certification.	SC	Appropriate licenses and certifications were noted in the personnel files.
B.3	Specify privileges and responsibilities of employment, including compliance with an adverse incident reporting system, as described in Standard 5.II.E.2-4.	SC	
B.4	Reflect the requirement for documentation of initial orientation and training according to position description. Initial orientation and training shall be:	SC	

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B.4.a	Completed within 30 days of commencement of employment.	PC	This center has multiple long term employees. Most of the files reviewed had completed this documentation within 30 days. One file it was difficult to assess if it was exactly "30 days" due to the fact only the month and year were noted form. There was no evidence of initial sharps training, risk management or infection control training for an individual hired in 1991. However, there was evidence of this training every year starting in 2010.
B.4.b	Provided annually thereafter and when there is an identified need.	SC	Annual education was documented in employee files using HealthStream.
B.5	Require periodic appraisal of each person's job performance, including current competence.	SC	There were yearly evaluations noted in each file reviewed.
B.6	Describe incentives and rewards, if any exist.	SC	
B.7	Require periodic review of employee compensation.	SC	Annual raises were noted with yearly evaluations.
B.8	Are made known to employees at the time of employment.	SC	
B.9	Comply with federal and state laws and regulations regarding verification of eligibility for employment, such as I-9 (Immigration and Naturalization form) and visas, as required.	SC	I-9s were correctly completed and noted for each employee.
C	Health care workers are protected from biologic hazards, consistent with state, federal, and CDC guidelines. The organization has:	SC	Organization has policies and procedures consistent with regulatory guidelines to protect their associates.
C.1	Approved and implemented policies that comply with all applicable occupational health and safety regulations for health care workers, such as the Occupational Safety and Health Administration (OSHA) rules on Occupational Exposure to Bloodborne Pathogens (Title 29 CFR 1910.1030) designed to eliminate and/or minimize employee exposures.	SC	
C.2	The organization has a written exposure control plan that is reviewed and updated at least annually, including an evaluation for the availability of safer medical devices and changes in technology.	SC	Plan noted and reviewed at least yearly. Yearly "sharps evaluations" are done. Evidence of procedure and follow up was noted in one health file for an employee who had a sharps injury.
C.3	The exposure control plan is made a part of employee initial orientation and retraining that is conducted within one year of their last training.	PC	See comments above in B4a
C.4	The organization has an effective program addressing blood borne pathogens, including:	SC	
C.4.a	Hepatitis B vaccination program.	SC	
C.4.b	Post-exposure evaluation and treatment.	SC	See comments in C.2
C.4.c	Appropriate training in and communication of hazards to employees.	SC	

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C.4.d	Appropriate record keeping and management.	SC	
C.5	An immunization program for other infectious agents of risk to health care workers and their patients.	SC	
C.6	A tuberculosis respiratory protection program.	SC	
C.7	Programs that address other relevant biological hazards, such as bioterrorism, as needed for employee safety and health.	SC	
D	A program is maintained to assess and reduce risks associated with occupational chemical exposures, including:	SC	The center has completed an assessment of potential exposures and appropriate signage is noted throughout the facility.
D.1	Hazard assessment of chemicals used in the workplace.	SC	
D.2	Engineering measures to reduce the risk of chemical exposure.	SC	
D.3	Worker training programs.	SC	
E	A program is maintained to assess, and where necessary, reduce risks associated with physical hazards, such as ergonomic exposures, violence at the workplace, and external physical threats such as terrorism.	SC	
F	Records of work injuries or illnesses are maintained, consistent with reporting requirements, and employee health records are managed appropriately.	SC	Evidence of adherence to policy was noted in one of the employee health files where an injury had occurred.
G	The organization periodically assesses patient satisfaction with services and facilities provided by the organization. The findings are reviewed by the governing body and, when appropriate, corrective actions are taken.	SC	Patient satisfaction is continuously addressed and results are very good.
H	When students and postgraduate trainees are present, their status is defined in the organization's written policies and procedures.	SC	Written policies for residents and fellows were noted.
	Consultative Comments		**Consultative Comments** 3 years ago the organization had the same issue with the personnel files and the issues have not been corrected. The surveyor was informed that there was a new person hired to oversee the Human Resources (HR) duties and files. However, the surveyor was told this person has been in that position for at least a couple of years. The HR duties are performed by individuals not directly employed by the surgical center. The center might consider taking on these duties themselves.

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Chapter 4 - Quality of Care Provided

Standard		Compliance Rating	Comments
	An accreditable organization provides high-quality health care services in accordance with the principles of professional practice and ethical conduct, and with concern for the costs of care and for improving the community's health status. Such an organization has the following characteristics.		
	Overall Chapter Compliance Level	SC	The staff and physicians were observed to provide care in a competent and professional manner. All staff and physicians that the surveyor encountered were very friendly and helpful. Specific examples of items listed below are noted in narrative of other chapters.
A	All health care professionals have the necessary and appropriate training and skills to deliver the services provided by the organization.	SC	All orthopedic and pain managements physicians are board-certified.
B	Health care professionals practice their professions in an ethical and legal manner.	SC	
C	All personnel assisting in the provision of health care services are appropriately qualified and supervised and are available in sufficient numbers for the care provided.	SC	
D	The organization has a current and comprehensive written quality management and improvement program.	SC	The written plan addresses clinical, cost of care and administrative issues and addresses peer review, risk management and infection control.
E	The organization facilitates the provision of high-quality health care as demonstrated by the following:	SC	
E.1	Health care provided is consistent with current standard of care.	SC	
E.2	Education of and effective communication with patients served concerning the diagnosis and treatment of their conditions, appropriate preventive measures, and use of the health care system.	SC	
E.3	Appropriate and timely diagnosis based on findings of the current history and physical examination.	SC	
E.4	Medication reconciliation is performed.	SC	Medication reconciliation was documented in all of the clinical records reviewed.
E.5	Treatment that is consistent with clinical impression or working diagnosis.	SC	The clinical assessment matched the recommended surgical procedure.

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E.6	Appropriate and timely consultation and referrals.	SC	
E.7	When clinically indicated, patients are contacted as quickly as possible for follow-up regarding significant problems and/or abnormal findings.	SC	
E.8	Continuity of care and patient follow-up.	SC	
E.9	Assessing patient satisfaction and taking corrective actions, when indicated.	SC	Patient satisfaction is overall very high and the organization has been continually addressing patient wait times.
E.10	The use of performance measures to improve outcomes.	SC	
F	Health services available at the organization are accessible to patients and ensure patient safety by at least the following:	SC	
F.1	Provision for and information about services when the organization's facilities are not open.	SC	
F.2	Adequate and timely transfer of information when patients are transferred to other health care professionals.	SC	
G	The organization has policies and procedures for identifying, storing, and transporting laboratory specimens and biological products. The policies and procedures include logging and tracking to ensure that results for each specimen are obtained and have been reported to the ordering physician in a timely manner.	SC	
H	When the need arises, the organization assists patients with the transfer of their care from one health care professional to another.	SC	All transfers reviewed had evidence of disposition information from the treating hospital.
H.1	Adequate specialty consultation services are available by prior arrangement.	SC	
H.2	Referral to another health care professional is clearly outlined to the patient and arranged with the accepting health care professional.	SC	
I	When emergencies or unplanned outcomes occur, and hospitalization is indicated for the evaluation and stabilization of the patient, the organization shall have **one** of the following in place:	SC	
I.1	A written transfer agreement for transferring patients to a nearby hospital.	SC	There is a written transfer agreement with the local hospitals near the main and satellite locations.
I.2	A written policy of credentialing and privileging physicians and dentists who have admitting and similar privileges at a nearby hospital.	SC	Written policy was noted for only credentialing physicians with hospital privileges.
I.3	Written agreement with a physician or provider group with admitting privileges at a nearby hospital.	SC	Physicians on staff have privileges at multiple hospitals nearby.

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I.4	A detailed written procedural plan for handing medical emergencies.	NA	
J	Concern for the costs of care is present throughout the organization.	SC	Multiple examples of cost evaluation were noted during the survey process.
	Consultative Comments		Consultative Comments

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Chapter 5 - Quality Management and Improvement - Quality Improvement Program I

Standard		Compliance Rating	Comments
	In striving to improve the quality of care and to promote more effective and efficient utilization of facilities and services, an accreditable organization maintains an active, integrated, organized, ongoing, data-driven, peer-based program of quality management and improvement that links peer review, quality improvement activities, and risk management in an organized, systematic way. **Organizations may also find it useful to refer to *Analyzing Your Quality Management Program and Creating Meaningful Studies* in the *Worksheets and Forms* section of this Handbook.**		
	NOTE: The intent of this chapter is that administrative and clinical personnel be involved in the quality management and improvement activities of the organization.		
	Overall Chapter Compliance Level	PC	See 5I below.
	Subchapter I - Quality Improvement Program: An accreditable organization maintains an active, integrated, organized, and peer-based quality improvement (QI) program as evidenced by the following characteristics:	PC	See A, B and QI studies below.
A	The organization has a written quality improvement program for ensuring ongoing quality and improving performance when needed. The program is broad in scope in order to address clinical, administrative, and cost-of-care performance issues, as well as actual patient outcomes, i.e., results of care, including safety of patients. At a minimum, the written program:	PC	The organization has a defined and comprehensive Quality Improvement plan. All staff members participate in Quality Improvement activities. There is s defined Quality Improvement committee that meets on a regular basis and results are reported to the Board of Directors. However the studies that were reviewed do not adhere to all 10 steps of the approved plan and also see A-4, A-6 and A-7 below.
A.1	Addresses the full scope of the organization's health care delivery services and describes how these services are assessed for quality.	SC	
A.2	Identifies the specific committee(s) or individuals responsible for development, implementation and oversight of the program.	SC	
A.3	Ensures participation by health care professionals, one or more of whom is a physician or dentist. In organizations where a physician or a dentist is not on the medical staff, and the organization is led by an advanced practice registered nurse or a physician assistant, or in a behavioral health setting led by a licensed clinical behavioral health professional, one or more of such licensed healthcare providers is a participant.	SC	

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A.4	Includes program purposes, as well as specific objectives that the program intends to achieve.	PC	The studies noted define a general purpose however there is no evidence of specific objectives or significance of the studies themselves. The objectives as defined in the written program are not being met since there is no documented improvement in a portion of the QI process that is related to the specific studies.
A.5	Specifies the data collection processes used to ensure ongoing quality and identify quality-related problems or concerns (see Standard 5.1.B below).	SC	
A.6	Implements activities to improve performance when opportunities for improvement are identified (see Standard 5.1.C below).	NC	There is no evidence of activities in either the meeting minutes, QI studies or monitoring processes that were done to improve performance or change protocols.
A.7	Describes how the organization integrates quality improvement activities, peer review, and the risk management program.	PC	See comment in A.6.
A.8	Is evaluated at least annually for effectiveness and to determine if the program's purposes and objectives are continuing to be met.	SC	Evidence of annual evaluation was noted.
A.9	Describes processes used to ensure that the results of quality improvement activities, including the annual program evaluation, are reported to the organization's governing body and throughout the organization, as appropriate.	SC	Written documentation was noted in Board meeting minutes as well as staff meeting minutes. All staff appeared to be knowledgeable of QI activities when asked by the surveyor.
B	The organization implements data collection processes to ensure ongoing quality and to identify quality-related problems or concerns. Such processes should include but are not limited to:	SC	
B.1	Analysis of the results of peer review activities.	SC	Evidence of peer review results were used in recredentialing and are reviewed by the medical executive committee that oversees the QI process.
B.2	Periodic audits of critical processes, as appropriate for the services provided.	SC	Daily and monthly monitors are in place.
B.3	Ongoing monitoring of important processes and outcomes of care, as appropriate for the services provided (refer to the Glossary in this Handbook for examples).	SC	
B.4	Comparison of the organization's performance to internal and external benchmarks.	SC	Center utilizes multiple external organizations for benchmarking comparisons. The organization has 2 centers and compares data between the 2 centers as well.
B.5	Methods to systematically collect information from other sources such as, but not limited to, patient satisfaction surveys, financial data, medical/legal issues, and outcomes data.	SC	Patient satisfaction is continuously performed.
B.6	Evaluation of the information and data obtained through the above data collection activities to identify the existence of unacceptable variation or results that require improvement.	SC	The center is currently collecting data on post-operative pain and length of stay in the recovery room.

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C	The organization demonstrates that ongoing improvement is occurring by conducting quality improvement studies when the data collection processes described in Standard 5.I.B indicate that improvement is or may be warranted. Written descriptions of QI studies document that each study includes the following elements as applicable:	PC	The first QI study on patient satisfaction was completed using a 7 step approach and not a 10 step approach and was missing the other elements. In addition, the other studies reviewed did not define performance goals or measure/compare performance. See comments below.
C.1	A statement of the purpose of the QI study that includes a description of the problemand an explanation of why it is significant to the organization. (See Analyzing Your Quality Management Program and Creating Meaningful Studies in the Worksheets and Forms section in the back of this Handbook.)	PC	See QI study data.
C.2	Identification of the measurable performance goal against which the organization will compare its current performance in the area of study.	NC	See QI study data.
C.3	A description of the data that will be collected in order to determine the organization's current performance (i.e., study methodology).	PC	See QI study data.
C.4	Evidence of data collection.	PC	See QI study data.
C.5	Data analysis that describes findings about the frequency, severity, and source(s) of the problem(s).	PC	See QI study data.
C.6	A comparison of the organization's current performance in the area of study against the previously identified performance goal.	NC	See QI study data.
C.7	Implementation of corrective action(s) to resolve identified problem(s).	PC	See QI study data.
C.8	Re-measurement (a second round of data collection and analysis as described in Standard 5.I.B.4-6) to objectively determine whether the corrective actions have achieved and sustained demonstrable improvement.	PC	See QI study data.
C.9	If the initial corrective action(s) did not achieve and/or sustain the desired improved performance, implementation of additional corrective action(s) and continued re-measurement until the problem is resolved or is no longer relevant.	PC	See QI study data.
C.10	Communication of the findings of the quality improvement activities to the governing body and throughout the organization, as appropriate, and incorporation of such findings into the organization's educational activities ("closing the QI loop").	PC	See QI study data.
D	The organization participates in external benchmarking activities that compare key performance measures with other similar organizations, or with recognized best practices of national or professional targets or goals.	SC	Multiple benchmarking studies were noted with multiple external organizations. Examples such as Beckers and Ashville Ortho Forum were noted.
D.1	The organization's benchmarking activities include, but are not limited to:	SC	

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D.1.a	The use of selected performance measures that are appropriate for improving the processes or outcomes of care relevant to the patients served.	SC	
D.1.b	Systematically collecting and analyzing data related to the selected performance measures.	SC	
D.1.c	Using benchmarks that are based on valid and reliable local, state, national, or published data.	SC	Benchmarking reports were reviewed.
D.1.d	Measuring changes in organization's performance on the selected performance measures.	SC	
D.1.e	Demonstrating sustained performance improvement over time.	SC	
D.2	Results of benchmarking activities must be incorporated into other quality improvement activities of the organization.	SC	
D.3	Results of benchmarking activities must be reported to the organization's governing body and throughout the organization, as appropriate.	SC	Written documentation noted in Board meeting minutes on multiple occasions.
	Consultative Comments		**Consultative Comments** The center has a defined Quality Improvement plan in place. Would suggest following the policy. Would suggest re-educating staff on the 10 step quality improvement study steps. Verbal conversations with staff members involved in the QI process indicates they do understand the process and have good ideas about important items to evaluate. The written documentation within the studies themselves do not completely reflect the knowledge and understanding that the staff members have of the QI process and therefore it is suggested that the organization may wish to administer quizzes, competency training, teaching methods, etc.

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Chapter 5 - Quality Management and Improvement - Quality Improvement Studies Ia

Standard		Compliance Rating	Comments
	Subchapter Ia - Quality Improvement Topics		
	Rating scale for QI studies: **SC = Substantially compliant (meets standards)** **PC = Partially compliant (needs improvement)** **NC = Non-compliant** **N/A = Not applicable** *** = Study ongoing; cannot rate item yet**		
QI1	Quality Improvement Topic #1 (Name of study):	Patient waiting time.	
QI1.1	A statement of the purpose of the QI activity that includes a description of the known or suspected problem, and explains why it is significant to the organization.	SC	The statement of purpose was to explore ways to increase patient satisfaction by decreasing wait time for pain management patients.
QI1.2	Identification of the performance goal against which the organization will compare its current performance in the area of study.	NC	The stated goal was to obtain physician buy in to an alternative patient scheduling protocol. This is a difficult goal to be able to measure success with and it is difficult to tell if this goal potentially solves the stated problem/purpose of the study. Some information included in this section should be moved to the "purpose of activity and significance of the issue". It appears that the goal might not be physician buy in to an alternative schedule, but a decrease in patient complaints relating to wait time. The goal should have a value that can be measured.
QI1.3	Description of the data that will be collected in order to determine the organization's current performance.	NC	The data collected was not defined in this written section. It refers to a chart that is not attached or could be provided by the organization.
QI1.4	Evidence of data collection.	NC	Section IV is a narrative of actions the center wanted to take in attempts to resolve the problem. It does not show evidence of any data collected.
QI1.5	Data analysis that describes findings about the frequency, severity and source(s) of the problem(s).	NC	There is no evidence of data analysis describing frequency, severity of the problem. The narrative states there was "some improvement." This section of the study was titled "results and reevaluation."
QI1.6	A comparison of the organization's current performance in the area of study against the previously identified performance goal.	NC	Narrative states there was improvement but there is no numerical comparison.
QI1.7	Implementation of corrective action(s) to resolve identified problem(s).	SC	A change in the scheduling procedures was noted.
QI1.8	Re-measurement (a second round of data collection and analysis as described	PC	Narrative states that patient satisfaction regarding wait time had improved

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	in Standard 5.II.B-4-6) to objectively determine whether the corrective actions have achieved and sustained demonstrable improvement.		significantly August thru December of 2012. However there are no numerical values attached.
QI1.9	If the initial corrective action(s) did not achieve and/or sustain the desired improved performance, implementation of additional corrective action(s) and continued remeasurement until the problem is resolved or is no longer relevant.	PC	Narrative comments state significant improvement in patient satisfaction and monitoring of patient satisfaction will be continued on a monthly basis.
QI1.10	Communication of the findings of the quality improvement activities to the governing body and throughout the organization, as appropriate, and incorporation of such findings into the organization's educational activities ("closing the QI loop").	SC	Documentation of communication regarding the study were noted.
QI2	Quality Improvement Topic #2 (Name of study):	Immediate use sterilization of surgical instruments	This is not a completed study.
QI2.1	A statement of the purpose of the QI activity that includes a description of the known or suspected problem, and explains why it is significant to the organization.	NC	The statement is: Immediate use sterilization has a direct impact on nosocomial issues and this is an activity needing to be evaluated for compliance. This statement does not define an actual issue with the organization or what the purpose of the study is to actually achieve.
QI2.2	Identification of the performance goal against which the organization will compare its current performance in the area of study.	NC	The comments listed for this item are: "Our performance goal is hard to set as this is a new facility open under one year. We are in the process of acquiring a instrument base. The use of immediate use sterilization is to be used as little as possible and decrease as we add more trays to our inventory. There is no nation average that has been set." No goal has actually been set.
QI2.3	Description of the data that will be collected in order to determine the organization's current performance.	PC	Comments listed for this item are: "The our documentation reports now have reason for why we are flashing. Whether it be unavailable sterile, dropped, vendor not brought in time. We have a sheet to designate the reason for using flash sterilization. These sheets will be reviewed for the last 3 months to determine how often and which instruments are being flashed."
QI2.4	Evidence of data collection.	NC	Stated: Using the autoclave records we will determine a baseline number of times were are flashing and the instruments that are being processed over and over. No actual data attached. This does not show or mention the same data (items) listed in QI2.3.
QI2.5	Data analysis that describes findings about the frequency, severity and source(s) of the problem(s).	NC	Comments from the submitted report: "In analyzing the data, there were a total of 330 instruments run over a 3 month period of time. It was found that the most run instruments were any type of power pro or micro power pro for 28+ instruments, Doctor special instruments (Mascioli and toy trays) for 22 instruments, all in one trays for 16, and Rep trays not delivered in time for 15 instruments/trays, most various other instruments run less than 15 times. Obviously the language and terms that this is written in has meaning to the facility, but without a detailed explanation the analysis is

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			difficult to follow. This does not easily tie to the data that was suppose to be collected.
QI2.6	A comparison of the organization's current performance in the area of study against the previously identified performance goal.	NC	Comments from submitted report: "Our goal would be that we would not use immediate use sterilization except in emergency situations. It appears that the use of immediate use sterilization is related to not owning trays, these she have to borrow from our other facility and also rep trays being brought in for cases." There is no comparison between the goal and the actual data.
QI2.7	Implementation of corrective action(s) to resolve identified problem(s).	NC	Comments submitted on report: "As our practice increase we will invest in more trays to be kept in our sterile supply. Continue to monitor the use of immediate use sterilization over the next months." This does not appear to be a corrective action.
QI2.8	Re-measurement (a second round of data collection and analysis as described in Standard 5.II.B-4-6) to objectively determine whether the corrective actions have achieved and sustained demonstrable improvement.	NC	Comments submitted on report: "Another survey will be conducted. Again using the autoclave records ad trying to not also if the main autoclave is out of service, etc." There is no supporting data of additional data collection and no link between this study and the main autoclave being out of service.
QI2.9	If the initial corrective action(s) did not achieve and/or sustain the desired improved performance, implementation of additional corrective action(s) and continued remeasurement until the problem is resolved or is no longer relevant.	NC	Comments submitted on report: "Our goal of decreasing the amount that is being flashed will continue to be looked at as well as trying to order more instruments that are flashed the most." There were no additional corrective actions performed. There was a similar study in 2013 that had the same results.
QI2.10	Communication of the findings of the quality improvement activities to the governing body and throughout the organization, as appropriate, and incorporation of such findings into the organization's educational activities ("closing the QI loop").	NC	Comments submitted on report: "The results will be reported to the Governing Board to gain support and cooperation." It is unclear as to if these results were submit the the Governing Board and if there were any changes. The Governing Board should be aware of issues and concerns, however the information reported to them regarding this study is incomplete.
QI3	Quality Improvement Topic #3 (Name of study):	Pain Management of 3 orthopedic procedures 2015	
QI3.1	A statement of the purpose of the QI activity that includes a description of the	SC	Purpose statement clearly defined (to examine pain control effectiveness of

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	known or suspected problem, and explains why it is significant to the organization.		different orthopedic procedures).
QI3.2	Identification of the performance goal against which the organization will compare its current performance in the area of study.	PC	The stated goal is to provide comfort and pain relief resulting in increase patient satisfaction, decrease in supplies and labor time. However this is a difficult goal to measure with out numerical data
QI3.3	Description of the data that will be collected in order to determine the organization's current performance.	NC	Data to be collect is defined and specific data collection sheet used. However, it appears that the description of the data to be collected was metered with the actual data collected.
QI3.4	Evidence of data collection.	NC	The study appears to combine the description of the data collected with the actual data that was collected and no numerical reporting was provided.
QI3.5	Data analysis that describes findings about the frequency, severity and source(s) of the problem(s).	PC	The data collected can be very useful information, but it does not give you numerical data to measure the stated goal.
QI3.6	A comparison of the organization's current performance in the area of study against the previously identified performance goal.	NC	There is evidence of comparison of the patient's rating their pain on a pain scale. The data shows ratings for patients on arrival to pacu, and discharge and the length of time they spent in the pacu prior to discharge. However, there is no evidence of data collection about the patients level of satisfaction the cost of supplies. The measure of labor time is probably assumed by the length of PACU time.
QI3.7	Implementation of corrective action(s) to resolve identified problem(s).	*	They have not implemented any corrective actions as of yet. This study is still in progress. The plan is to discuss anesthetic plan and pain control procedures with the surgeons and anesthesia providers.
QI3.8	Re-measurement (a second round of data collection and analysis as described in Standard 5.II.B-4-6) to objectively determine whether the corrective actions have achieved and sustained demonstrable improvement.	*	Re-measurement has not been documented.
QI3.9	If the initial corrective action(s) did not achieve and/or sustain the desired improved performance, implementation of additional corrective action(s) and continued remeasurement until the problem is resolved or is no longer relevant.	*	There are no additional corrective actions noted except discussion with providers.
QI3.10	Communication of the findings of the quality improvement activities to the governing body and throughout the organization, as appropriate, and incorporation of such findings into the organization's educational activities ("closing the QI loop").	*	
QI4	Quality Improvement Topic #4 (Name of study):		
QI4.1	A statement of the purpose of the QI activity that includes a description of the known or suspected problem, and explains why it is significant to the organization.		
QI4.2	Identification of the performance goal against which the organization will		

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	compare its current performance in the area of study.		
QI4.3	Description of the data that will be collected in order to determine the organization's current performance.		
QI4.4	Evidence of data collection.		
QI4.5	Data analysis that describes findings about the frequency, severity and source(s) of the problem(s).		
QI4.6	A comparison of the organization's current performance in the area of study against the previously identified performance goal.		
QI4.7	Implementation of corrective action(s) to resolve identified problem(s).		
QI4.8	Re-measurement (a second round of data collection and analysis as described in Standard 5.II.B-4-6) to objectively determine whether the corrective actions have achieved and sustained demonstrable improvement.		
QI4.9	If the initial corrective action(s) did not achieve and/or sustain the desired improved performance, implementation of additional corrective action(s) and continued remeasurement until the problem is resolved or is no longer relevant.		
QI4.10	Communication of the findings of the quality improvement activities to the governing body and throughout the organization, as appropriate, and incorporation of such findings into the organization's educational activities ("closing the QI loop").		
QI5	Quality Improvement Topic #5 (Name of study):		
QI5.1	A statement of the purpose of the QI activity that includes a description of the known or suspected problem, and explains why it is significant to the organization.		
QI5.2	Identification of the performance goal against which the organization will compare its current performance in the area of study.		
QI5.3	Description of the data that will be collected in order to determine the organization's current performance.		
QI5.4	Evidence of data collection.		
QI5.5	Data analysis that describes findings about the frequency, severity and source(s) of the problem(s).		
QI5.6	A comparison of the organization's current performance in the area of study against the previously identified performance goal.		

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QI5.7	Implementation of corrective action(s) to resolve identified problem(s).		
QI5.8	Re-measurement (a second round of data collection and analysis as described in Standard 5.II.B-4-6) to objectively determine whether the corrective actions have achieved and sustained demonstrable improvement.		
QI5.9	If the initial corrective action(s) did not achieve and/or sustain the desired improved performance, implementation of additional corrective action(s) and continued remeasurement until the problem is resolved or is no longer relevant.		
QI5.10	Communication of the findings of the quality improvement activities to the governing body and throughout the organization, as appropriate, and incorporation of such findings into the organization's educational activities ("closing the QI loop").		
ASK.1	In what year did the organization begin to conduct quality improvement studies?	Many years age.	Staff states they have done quality studies for years.
ASK.2	How many studies has the organization conducted?	Unsure of total number	
ASK.3	This year?	2	
ASK.4	Last year?	5	
ASK.5	Previous year?	5 or 6	
ASK.6	How many benchmarking activities have been conducted?	Many	The organization continuously benchmarks between each location and participates regularly with outside organizations.
ASK.7	This year?	1 so far	
ASK.8	Last year?	5	
ASK.9	Previous year?	5	
ASK.10	How many studies were reviewed during the survey?	3	
	Consultative Comments		**Consultative Comments** The facility has many good ideas for topics they want to study and evaluate. Talking with the staff they have an understanding of the process. However, the written studies are not representative of the verbal discussions that the surveyor had with the staff. The QI studies do not closely follow the 10 step process. Would suggest revisiting the AAAHC QI section and utilize the "Analyzing your Quality

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			Management Program and Creating Meaningful Studies: section in the back of the accreditation manual. The organization regularly participates in external benchmarking activities with national and local organizations. They have a study in process comparing length of stay in the recovery room for different surgeons performing the same procedures.

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Chapter 5 - Quality Management and Improvement - Risk Management II

Standard		Compliance Rating	Comments
	Subchapter II - Risk Management: An accreditable organization develops and maintains a program of risk management, appropriate to the organization, designed to protect the life and welfare of an organization's patients and employees. Such an organization has the following characteristics:	SC	
A	The governing body of the organization is responsible for overseeing the program of risk management.	SC	
B	The governing body designates a person or committee to be responsible for implementation and ongoing management of the risk management program.	SC	
C	Education in risk management activities, and safety policies and processes, is provided to all staff within thirty (30) days of commencement of employment, annually thereafter, and when there is an identified need.	SC	Evidence of education in risk management within 30 days of hire was noted in all files with the exception of a 1 long term employee who was hired in the early 90s.
D	Documented education in infection control policies and processes is provided to all staff within 30 days of commencement of employment, annually thereafter, and when there is an identified need.	SC	Evidence of education in infection control policies and processes was noted in all files with the exception of 1 long term employee who was hired in the early 90s.
E	Risk management program processes are consistently implemented throughout the organization, including all departments and service locations. These processes address patient safety and other important issues, including but not limited to:	SC	The risk management program is clearly defined and includes all of items listed in E.1 thru E.8.
E.1	A definition of an adverse incident, that includes, at a minimum, the events defined in Standard 5.II.F.	SC	
E.2	The identification, reporting, and analysis of adverse incidents. The analysis identifies the basic or causal factors underlying the incident, and identifies potential improvements in processes or systems, if any exist, to reduce the likelihood of such incidents in the future.	SC	
E.3	Encouraging the reporting of near-miss events.	SC	
E.4	The communication of reportable events as required by law and regulation.	SC	
E.5	Periodic review of all litigation involving the organization and its staff and health care professionals.	PC	See comments 2IIB-3gi
E.6	An ongoing review of patient complaints and grievances which includes defined	SC	

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	response times, as required by law and regulation.		
E.7	Documentation of timely notification to the professional liability insurance carrier when adverse or reportable events occur.	SC	
E.8	Periodic review of clinical records and clinical record policies.	SC	
F	The organization's Risk Management program includes the definition of an adverse incident that includes, at a minimum:	SC	The organization's definition of an adverse incident includes all items listed in F.1 -F.5. as well as near misses, sentinel events, etc.
F.1	An unexpected occurrence during a health care encounter involving patient death or serious physical or psychological injury or illness, including loss of limb or function, not related to the natural course of the patient's illness or underlying condition	SC	
F.2	Any process variation for which a recurrence carries a significant chance of a serious adverse outcome.	SC	
F.3	Events such as actual breaches in medical care, administrative procedures, or other events resulting in an outcome that is not associated with the standard of care or acceptable risks associated with the provision of care and service for a patient.	SC	
F.4	All events involving reactions to drugs and materials.	SC	
F.5	Circumstances or events that could have resulted in an adverse event (near-miss events).	SC	
G	In addition, the Risk Management policies address:	SC	
G.1	Written methods by which a patient may be dismissed from care or refused care.	SC	Patients may be dismissed for being disruptive, abusive, etc.
G.2	A process for managing a situation in which a health care professional becomes incapacitated during a medical or surgical procedure.	SC	Written policy for incapacitated provider was noted.
G.3	A process for communicating concerns regarding an impaired health care professional.	SC	Written policy for impaired health care provider was noted and documented.
G.4	Establishment of responsibility for, and documentation of, coverage after normal working hours.	SC	
G.5	Written policies restricting observers in patient care areas and addressing those persons authorized by the governing body to perform or assist in the procedure area.	SC	The organization has traffic control policies in place that requires the permission of the patient for observers to be present; otherwise only authorized individuals are allowed in the surgical areas.
G.6	A requirement for evidence of patient consent for all other persons allowed in	SC	

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	patient care areas that are not authorized staff. Examples of unauthorized persons include students, interested physicians, health care industry representatives, surveyors, etc.		
	Consultative Comments		Consultative Comments

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Chapter 6 - Clinical Records and Health Information

Standard		Compliance Rating	Comments
	An accreditable organization maintains electronic and/or paper clinical records and a health information system from which information can be retrieved promptly. Clinical records are complete, comprehensive, legible, documented accurately in a timely manner, and readily accessible to health care professionals. **The *Clinical Records Worksheet*, found in the *Worksheets and Forms* section of this *Handbook*, may be useful in assessing your organization's compliance with Chapter 6 Standards.**		
	Overall Chapter Compliance Level	SC	See comments in G.
	Number of patient files reviewed during the survey:	11	
	Description of how records were selected:		All transfers, 2 over night stays and random records pulled from medical records storage area
A	The organization develops and maintains a system for the proper collection, processing, maintenance, storage, retrieval, and distribution of clinical records.	SC	The centers have very little room for storage of records. They typically keep the last 6 months of charts in the records storage area located in the business office. After that they are scanned and accessed via computer. There are processes in place to safely maintain the records. There is a system in place to monitor who and when scanned records get accessed.
B	A designated person is in charge of clinical records. This person's responsibilities include, but are not limited to:	SC	
B.1	The confidentiality, security, and physical safety of records.	SC	
B.2	The timely retrieval of individual records upon request.	SC	
B.3	The supervision of the collection, processing, maintenance, storage, and appropriate access to and usage of records	SC	
B.4	Security of the clinical record including:	SC	
B.4.a	A method of tracking who accesses the record in order to block unauthorized access for electronic records.	SC	See comment in A
B.4.b	A method of identifying designated locations of paper records throughout the organization in order to avoid unauthorized access.	SC	Paper charts are utilized and maintained on site for approximately 6 months. Only designated individuals have access to the record. The charts are stored in a secured area in the business office.

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C	An individual clinical record is established for each person receiving care. Each record includes, but is not limited to:	SC	Each clinical record has a uniquely assigned medical record number and is organized by first and last name.
C.1	Name	SC	
C.2	Identification number (if appropriate)	SC	
C.3	Date of birth	SC	
C.4	Gender	SC	
C.5	Responsible party, if applicable.	SC	
D	Clinical record entries are legible and easily accessible within the record by the organization's personnel.	SC	
E	If a patient has had three or more visits/admissions, or the clinical record is complex and lengthy, a summary of past and current diagnoses or problems, including past procedures, is documented in the patient's record to facilitate the continuity of care.	PC	The organization did not have diagnostic summaries in two of the files that were reviewed that required them for either multiple procedures/dates or were complex and lengthy in nature.
F	The presence or absence of allergies and untoward reactions to drugs and materials is recorded in a prominent and consistently defined location in all clinical records. This is verified at each patient encounter and updated whenever new allergies or sensitivities are identified.	PC	Allergies were consistently noted in the medical record in multiple areas. However the allergies are not consistently noted in the same location. 1 record reviewed had reactions to allergies listed in only 1 location. There was a statement noted that said allergies would be circled in red. There were no records reviewed that had the allergies circled in red. *
G	Except when otherwise required by law, the content and format of clinical records, including the sequence of information, are uniform. Records are organized in a consistent manner that facilitates continuity of care.	PC	There is a policy stating the order of the medical record. One of the records reviewed partially followed the stated order in the policy. The remaining records reviewed did not follow the policy and appeared to have no order. The orthopedic records appeared to have a little more organization than the pain management records. It was difficult to locate the information you were looking for in the clinical record according to the written policy of the organization..
H	Documentation regarding missed and canceled appointments is added to the patient's clinical record.	SC	
I	Entries in a patient's clinical record for each visit include, but are not limited to:	SC	
I.1	Date (and department, if departmentalized).	SC	
I.2	Chief complaint or purpose of visit.	SC	
I.3	Clinical findings.	SC	Clinical findings related to the operative sites were noted in the medical records that were surveyed.

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I.4	Studies ordered, such as laboratory or x-ray studies.	SC	
I.5	Care rendered and therapies administered.	SC	
I.6	Any changes in prescription and non-prescription medication with name and dosage, when available.	SC	There was very good documentation of medication changes.
I.7	Discharge diagnosis or impression.	SC	The documentation of discharge diagnosis was noted on all records reviewed.
I.8	Disposition, recommendations, and instructions given to the patient.	SC	
I.9	Verification of contents by health care professionals.	SC	
I.10	Signature of, or authentication by, a health care professional on the clinical record entries.	SC	The signature was present in the clinical records that were sampled.
J	Reports, histories and physicals, progress notes, and other patient information (such as laboratory reports, x-ray readings, operative reports, and consultations) are reviewed and incorporated into the record, as required by the organization's policies.	PC	The history and physical examination was not completed in several areas of the attached history and physical examination form for about 1/3 of the records that were reviewed.
K	The date of entry into the clinical record (with or without time of entry) of reports, histories and physicals, progress notes, and other patient information is documented in the patient's record.	SC	
L	Significant medical advice given to a patient by text, email, or by telephone, including medical advice provided after-hours, is permanently entered in the patient's clinical record and appropriately signed or initialed.	SC	Postoperative telephone calls and other patient related communications were present in the files that were reviewed.
M	Any notation in a patient's clinical record indicating diagnostic or therapeutic intervention as part of clinical research is clearly contrasted with entries regarding the provision of non-research related care.	NA	The organization does not perform research at either surgery center location.
N	Discussions with the patient concerning the necessity, appropriateness, and risks of proposed care, surgery, or procedure, as well as discussions of treatment alternatives, as applicable, are incorporated into the patient's clinical record.	SC	
O	The organization ensures continuity of care for its patients. If a patient's primary or specialty care provider(s) or health care organization is elsewhere, the organization ensures that timely summaries or pertinent records necessary for continuity of patient care are:	SC	
O.1	Obtained from the other (external) provider(s) or organization and incorporated into the patient's clinical record.	SC	Some of the records reviewed had additional information from outside sources such as MRI results, lab results and primary care physicians.
O.2	Provided to the other (external) health care professional(s) and, as appropriate,	SC	

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	to the organization where future care will be provided.		
P	Except when otherwise required by law, any record that contains clinical, social, financial, or other data on a patient is treated as strictly confidential and is protected from loss, tampering, alteration, destruction, and unauthorized or inadvertent disclosure. Patients are given the opportunity to approve or refuse release of records, except when release is permitted or required by law.	SC	
Q	All clinical information relevant to a patient is readily available to authorized personnel any time the organization is open to patients.	SC	
R	Written policies concerning clinical records address, but are not limited to:	SC	Written policies for clinical records address R1-R3 and include maintaining all of the records indefinitely in a scanned format. Also, the organization uses an IT department to maintain those records with secure access and back-up duplicate hard drive and off site storage.
R.1	The retention of active records.	SC	
R.2	The retirement of inactive records.	SC	
R.3	Clear definition for the release and security of information, including accountability for editing, deletion, and access of clinical record content.	SC	
	Consultative Comments		**Consultative Comments** The medical records reviewed appeared to be disorganized. In several files there was not a clearly defined History and Physical. Suggest clearly defining what information a History and Physical contains or possibly a standardized format.

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Chapter 7 - Infection Prevention, Control, and Safety

Standard		Compliance Rating	Comments
	An accreditable organization provides health care services while adhering to safe practices for patients, staff, and all others. The organization maintains ongoing programs designed to (1) prevent and control infections and communicable diseases, and (2) provide a safe and sanitary environment of care.		
	Overall Chapter Compliance Level	SC	
	Subchapter I - Infection Prevention and Control: An accreditable organization maintains an active and ongoing infection prevention and control program as evidenced by the following characteristics:	SC	
A	The organization must establish a program for identifying and preventing infections, maintaining a sanitary environment, and reporting the results to appropriate authorities.	SC	
B	The infection prevention and control program includes documentation that the organization has considered, selected, and implemented nationally-recognized infection control guidelines. The program is:	SC	The written policies and procedures are based upon CDC, AORN and APIC guidelines.
B.1	Approved by the governing body.	SC	The infection control policies and procedures have been approved by the governing body and is part of the policies approved by the operating board.
B.2	An integral part of the organization's quality improvement program.	SC	The written infection control program is part of the written QI program and infection control activities are part of the quarterly QI meetings.
B.3	Under the direction of a designated and qualified health care professional who has training and current competence in infection control.	SC	The assistant nursing supervisor has been designated to oversee the infection control services provided by the organization.
B.4	Appropriate to the organization and meets all applicable state and federal requirements.	SC	
B.5	Responsible for providing a plan of action for preventing, identifying, and managing infections and communicable diseases and for immediately implementing corrective and preventive measures that result in improvement	SC	The organization reports no infection in the last 18 months. Communicable diseases require isolation in the overnight stay rooms should the need arise.
B.6	Clear to include direct intervention to prevent infection, as needed	SC	
C	The infection control and prevention program reduces the risk of health care-acquired infection as evidenced by education and active surveillance, consistent with:	SC	

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C.1	WHO, CDC or other nationally-recognized guidelines for hand hygiene.	SC	Every staff member was observed to continuously, frequently and appropriately decontaminate their hands in congruity with the CDC guidelines.
C.2	CDC or other nationally-recognized guidelines for safe injection practices.	PC	See comments 11I. *
D	Medical staff members, allied health practitioners, employees, volunteers, and others receive infection prevention education and training and comply with requirements.	SC	Annual infection control and safety education is provided to staff members via their vendor, HealthStream.
E	The organization adheres to professionally accepted standards of practice, manufacturer's recommendations, and state and federal guidelines, including but not limited to the cleaning, disinfection and sterilization of instruments, equipment, supplies, and implants.	SC	
F	A written sharps injury prevention program must be present in the organization. Such a program will include:	SC	The written sharps injury prevention program was in the exposure control plan and was present in conspicuous areas for staff members at both locations. No overfilled sharps containers were noted and all sharps were observed to be disposed of properly into puncture resistant canisters.
F.1	Documentation of new employee orientation, annual staff education, and additional education as needed.	SC	
F.2	Disposal of intact needles and syringes into appropriate puncture-resistant sharps containers, in accordance with current state and federal guidelines.	SC	
F.3	Placement of sharps containers in appropriate care areas, secured from tampering.	SC	
F.4	Replacement of sharps containers when the fill line is reached.	SC	
F.5	Handling, storage, and disposal of filled sharps containers in accordance with applicable regulations.	SC	
G	The organization provides a safe and sanitary environment for treating patients. This includes safeguards to protect the patient from cross-infection through the provision of adequate space, equipment, supplies, and personnel.	SC	
H	Policies are in place for the isolation or immediate transfer of patients with a communicable disease.	SC	Written policies are in place for notifying the Tennessee Department of Health for communicable diseases should the need arise.
H.1	A mechanism to notify public health authorities of reportable conditions.	SC	
I	Procedures must be available to minimize the sources and transmission of infections, including adequate surveillance techniques.	SC	
J	A written process is in place for the monitoring and documentation of the cleaning, high-level disinfection, and sterilization of medical equipment,	SC	The scopes, laryngoscope blades, etc. were cleaned in the Sterrad according to the manufacturer guidelines undergoing sterilization with hydrogen peroxide.

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	accessories, instruments and implants.		
K	A written policy addresses the identification and processing of medical equipment and instruments that fail to meet high-level disinfection or sterilization parameters.	SC	Both central processing technicians were queried at each location and demonstrated knowledge of the written policies for instrumentation/equipment that fails to meet sterilization parameters.
L	Sterile packs of equipment and instruments are handled and stored to maintain sterility.	SC	
M	The organization's written policies address cleaning of patient treatment and care areas which, at a minimum, include:	SC	Both sites maintain daily and documented cleaning records for each operative area. The rooms were observed to be cleaned according to their written policies and procedures.
M.1	Cleaning before use.	SC	
M.2	Cleaning between patients.	SC	
M.3	Terminal cleaning at the end of day.	SC	
N	Medical devices for use with multiple patients are cleaned and disinfected between patients, following the manufacturer's recommended guidelines or nationally recognized guidelines, whichever are more stringent.	SC	Orthopedic appliances, scopes and other medical devices were cleaned and disinfected according to the organization's written policies which were also consistent with manufacturer requirements.
	Consultative Comments		**Consultative Comments**

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Chapter 7 - Safety

Standard		Compliance Rating	Comments
	Subchapter II - Safety: An accreditable organization adheres to safe practices for patients, staff, and others as evidenced by the following characteristics:	SC	
A	Elements of an organization's written safety program address the organization's environment of care and the safety of patients, staff, and others, and must meet or exceed local, state or federal safety requirements. The elements of the safety program include, but are not limited to:	SC	
A.1	Processes for the management of identified hazards, potential threats, near misses, and other safety concerns.	SC	The organization uses a monthly environmental safety checklist to assist in the evaluation for potential hazards and other safety concerns.
A.2	An awareness of, and a process for, the reporting of known adverse incidents to appropriate state and federal agencies when required by law to do so.	SC	The organization is aware of the reporting requirements for sentinel events, for example.
A.3	Processes to reduce and avoid medication errors.	SC	The organization has a written policy in place for avoiding medication errors including signage for "right dosage, right drug, etc."
A.4	Policies addressing manufacturer or regulatory agency recalls related to medications, medical equipment and devices, and food products.	SC	The organization maintains a drug and device recall policy and log book in place for devices and drugs consistent with notification from vendors and manufacturers.
A.5	Prevention of falls or physical injuries involving patients, staff, and all others. As required by regulation or contract, the reporting of falls or physical injuries is accurate and timely.	SC	The organization has body positioning policies, ergonomic policies and other safety measures to help lessen and mitigate fall risks.
B	There is a person or committee designated by the governing body who is responsible for the organization's safety program.	SC	The organization has a designated safety officer who oversees the safety program in conjunction with the risk management program; safety issues are discussed at the QAPI meetings.
C	Medical staff members, allied health providers, employees, volunteers, and others receive safety program education and training and comply with the requirements.	SC	Annual safety education and training is documented and the organization utilizes HealthStream.
D	Unique patient identifiers are consistently used throughout care.	SC	
E	The organization has a comprehensive written emergency and disaster preparedness plan to address internal and external emergencies, including participating in community health emergency or disaster preparedness, when applicable. The written plan must include a provision for the safe evacuation of individuals during an emergency, especially individuals who are at greater risk.	SC	The written emergency preparedness plan is maintained in the surgery center available for all staff members at both locations. The program addresses both internal and external emergencies including fire, flooding, earthquake, power failure, dangerous intruder, bomb threat, etc. There are also evacuation contingencies for compromised patients.

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F	Personnel trained in cardiopulmonary resuscitation and the uses of cardiac and all other emergency equipment are present in the facility to provide patient care during hours of operation.	SC	
G	The organization adopts the appropriate policies and procedures to educate medical staff members, employees, volunteers, and other providers and personnel in fire prevention and fire hazard reduction.	SC	Annual fire safety and prevention is documented as part of the regular in-services and with their HealthStream vendor.
H	Fire safety, fire prevention and fire drills are included in the surveillance activities of personnel responsible for safety and risk management.	SC	Quarterly fire drills are documented and annual fire safety and prevention training is provided to all staff members on an annual basis.
I	Environmental hazards associated with safety are identified and safe practices are implemented.	SC	The organization does a monthly environmental hazards assessment and completes a checklist. An environmental vulnerability analysis is also performed on an annual basis.
J	Measures are implemented to prevent skin and tissue injury from chemicals, cleaning solutions, and other hazardous exposure.	SC	Safety data sheets are present in yellow binders in the PACU and annual hazardous training is provided to staff members.
K	Evidence of compliance with local, state and federal guidelines is present and adhered to regarding preparing, serving, disposal and storing of food and drink for patient use.	SC	The organization only stocks beverages and pre-packaged crackers and snacks for use with patients after their surgical procedure.
L	Patients are educated about prescribed medical devices and associated protocols and guidelines. Patient competence with each device is verified before independent use.	SC	
M	Written policies must require documentation of the pre-cleaning, transport, and handling of medical devices intended for external vendor reprocessing, inspection, or repair.	PC	The organization has written policies in place for devices and instrumentation that requires vendor processing and repair including decontamination, for example. However, the written policies of the organization require maintaining a log book to be kept in clean area to document equipment and instrumentation that is being sent out for repair and when it is returned and currently this policy is not being followed.
N	Reprocessing of single-use devices must comply with FDA guidelines, and the devices must have been cleared under the FDA 510(k) process.	NA	Single-use devices are hot utilized by the organization.
O	The organization has a written policy and process that addresses the recall of items including drugs and vaccines, blood and blood products, medical devices, equipment and supplies, and food products. At a minimum, the policy addresses documentation of:	SC	
O.1	Sources of recall information (FDA, CDC, manufacturers, and other local, state or other federal sources).	SC	The organization uses vendors, manufacturers and the CDC and FDA Medwatch as sources of recall information.
O.2	Methods of notification of staff that need to know.	SC	
O.3	Methods to determine if a recalled product is present at the organization or has been given or administered to patients.	SC	Recalled items are documented in the recall log book and any actions that are taken by the facility are also documented.

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O.4	Response to recalled products.	SC	
O.5	Disposition or return of recalled items.	SC	
O.6	Patient notification, as appropriate.	SC	
P	Products, including medications, reagents, and solutions, that carry an expiration date are monitored. The organization has a policy for disposal or return of expired medications and supplies that is in accordance with local, state, and federal guidelines.	SC	No expired medications or drugs were found in any of the treatment areas at either location.
Q	Prior to use, appropriate education is provided to intended operators of newly-acquired devices or products to be used in the care of patients.	SC	Nurses, surgical assistants, physicians and physician assistants provide education to patients for their medical devices such as pain pumps, casts, in-dwelling catheters, etc.
R	The organization has designated a person to be responsible for ensuring that appropriate clinical education occurs prior to allowing the use of a newly-acquired device in the care of a patient. Vendor representatives are not used as the sole source for clinical education.	SC	Vendors assist in the education but nursing personnel provide the primary source of education to patients with new devices.
	Consultative Comments		**Consultative Comments**

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Chapter 8 - Facilities and Environment

Standard		Compliance Rating	Comments
	An accreditable organization provides a functionally safe and sanitary environment for its patients, personnel, and visitors.		
	Overall Chapter Compliance Level	SC	
A	The organization provides evidence of compliance with the following:	SC	
A.1	Applicable state and local building codes and regulations.	SC	Both facilities have a current occupancy permit which notes that they are meeting local and state building codes.
A.2	Applicable state and local fire prevention regulations, such as the NFPA 101Â® Life Safety Code,Â® 2000 Edition, published by the National Fire Protection Association, Inc.	PC	Both locations had supplies in their closets which were stacked beyond the 18 inch sprinkler requirements of the ceiling. In addition, several of the nitrous canisters at the satellite location were not chained to the wall. Individual tanks at both locations were also not secured representing a potential hazard. Finally, the hallway leading to the operating rooms at the main location was lined with equipment carts, supplies, etc. and one of the carts had to be moved that was obstructing the fire extinguisher. *
A.3	Applicable federal regulations.	SC	
A.4	Periodic inspection by the local or state fire control agency, if this service is available in the community.	SC	The main location receives an annual inspection by the Germantown Fire Department in March of 2015 and the satellite had an inspection in March of 2014.
B	The organization ensures that its facilities:	SC	
B.1	Contain fire-fighting equipment to control a limited fire, including appropriately maintained and placed fire extinguishers of the proper type for each potential type of fire.	SC	Sufficient fire extinguishers of the ABC type are mounted and appropriately maintained at both locations.
B.2	Have prominently displayed illuminated signs with emergency power capability at all exits, including exits from each floor or hall.	SC	The emergency exit signs are lighted and tested on a monthly basis at both locations.
B.3	Have emergency lighting, as appropriate to the facility, to provide adequate illumination for evacuation of patients and staff, in case of an emergency.	SC	
B.4	Have stairwells protected by fire doors, when applicable.	NA	Neither location has a stairwell.
B.5	Provide reception areas, toilets, and telephones in accordance with patient and visitor volume.	SC	

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B.6	Provide examination rooms, dressing rooms, and reception areas that are constructed and maintained in a manner that ensures patient privacy during interviews, examinations, treatment, and consultation.	SC	All changing areas and recovery area curtains were closed when patients were present and being recovered or interviewed, for example.
B.7	Are operated in a safe and secure manner, with written policy(ies) addressing safety and security practices.	SC	Written security policies are in place and include locking premises which are accessed by staff members with key cards or fobs. Other doors require a combination in order to enter patient treatment areas.
C	The organization has the necessary personnel, equipment, and procedures to deliver safe care, and to handle medical and other emergencies that may arise.	SC	Sufficient adult and pediatric emergency carts are maintained at both locations.
D	The organization provides documented periodic instruction of all personnel in the proper use of safety, emergency, and fire-extinguishing equipment.	SC	
E	The organization conducts at least one drill each calendar quarter of the internal emergency and disaster preparedness plan. One of the drills must be a documented cardiopulmonary resuscitation (CPR) technique drill, as appropriate to the organization. The organization must complete a written evaluation of each drill, and promptly implement any needed corrections or modifications to the plan.	PC	The CPR drills at the main location are not technique driven and only one of the CPR drills there addressed a scenario or mock situation. Several of the CPR drills and fire drills at the main location over the last three years did not have a critique of performance either. Also, several of the drills at the primary location did not provide a list of staff members. Finally, the satellite location had all of the required drills except documenting an evaluation of the drill for one of the quarterly fire drills.
F	Smoking is prohibited within the facility.	SC	Both facilities are designated nonsmoking buildings and have appropriate signage.
G	Hazards that might lead to slipping, falling, electrical shock, burns, poisoning or other trauma are identified and addressed.	PC	In two of the closets at the main location and one of the storage areas of the satellite location, ingress and egress into the closet to retrieve supplies was limited without either moving an obstacle or reaching over an obstacle present on the floor. Finally, in one of the operating rooms at the main location, there is an extra operating room bed in the corner near the c-arm and there are cords and other obstacles which makes maneuvering in that room somewhat constrained. *
H	Provisions are made to reasonably accommodate disabled individuals.	SC	
I	Adequate lighting and ventilation are provided in all areas.	SC	
J	Facilities are clean and properly maintained.	SC	Given the age of both buildings, the facilities are well maintained and very clean.
K	A system exists for the proper identification, management, handling, transport, treatment and disposal of hazardous materials and wastes, whether solid, liquid or gas.	SC	Biohazardous areas are well demarcated and segregated from other non-hazardous waste. The manifests from Stericycle were current.
L	The space allocated for a particular function or service is adequate for the activities performed therein.	SC	While the main site is more limited in space especially for preoperative patients and families in the waiting room, the operating room and recovery areas are sufficient in size. Parking is also limited at the main location; however, patients can park at the adjacent Campbell Medical Clinic.

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M	Appropriate emergency equipment and supplies are maintained and are readily accessible to all areas of each patient care service site.	SC	
N	Policies and procedures regarding medical equipment include its standardized use, and documented evidence of periodic testing and scheduled preventive maintenance according to manufacturer's specifications.	SC	Annual preventive maintenance was noted for all patient care equipment at both locations and was performed in November of 2014 at the main location and July of 2014 at the satellite location.
O	Testing of fire alarm and inspection of fire suppression systems, including verification of signal transmission, are performed and documented.	SC	Quarterly testing by Simplex-Grinnell is noted at the main location and was done in February of 2014 by two other vendors at the satellite location.
P	When an organization undergoes demolition, construction, or renovation projects, the organization performs a proactive and ongoing risk assessment for existing or potential environmental hazards.	SC	The organization is reminded of the need to do a risk assessment with any further construction.
Q	Ongoing temperature monitoring is performed for items that are frozen, refrigerated and/or heated per product manufacturer's recommendations. Stated temperature ranges are readily available to staff performing the monitoring function.	SC	All medication and product refrigerators are temperature maintained at both locations.
	Consultative Comments		**Consultative Comments** Consider performing a QI study on maintaining and marking storage closets to ensure that nothing is kept beyond 18 inches of the ceiling. Consider adding walk in storage areas to environmental checklist in order to assess for obstacles.

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Chapter 9a - Anesthesia Information

Standard		Compliance Rating	Comments
	Chapter 9a - Anesthesia Info		
	If the organization provides any anesthesia services, please select the "X" to mark the appropriate boxes below. If no anesthesia services are provided, leave this page blank.		
	Indicate all levels of anesthesia provided:		
	Local or topical anesthesia - The application of local anesthetic agents, in appropriate doses adjusted for weight.	X	
	Minimal sedation (anxiolysis) - A drug-induced state during which patients respond normally to verbal commands. Although cognitive function and coordination may be impaired, ventilatory and cardiovascular functions are unaffected. Inhaled nitrous oxide in low concentrations that would not reasonably be expected to result in loss of the patient's life-preserving protective reflexes would be considered minimal sedation.	X	
	Moderate sedation/analgesia (conscious sedation) - A drug-induced depression of consciousness during which patients respond purposefully to verbal commands, either alone or accompanied by light tactile stimulation. No interventions are required to maintain a patent airway, and spontaneous ventilation is adequate. Cardiovascular function is usually maintained.	X	
	Regional anesthesia - The application of anesthetic medication around the nerve or nerves in a major region of the body, which supply the area which is targeted for the abolition of painful neural impulses. No interventions are required to maintain a patent airway, and spontaneous ventilation is adequate. Cardiovascular function is usually maintained.	X	
	Deep sedation/analgesia - A drug-induced depression of consciousness during which patients cannot be easily aroused but respond purposefully following repeated or painful stimulation. The ability to independently maintain ventilatory function may be impaired. Patients may require assistance in maintaining a patent airway, and spontaneous ventilation may be inadequate. Cardiovascular function is usually maintained.	X	
	General anesthesia - A drug-induced loss of consciousness during which patients are not arousable, even by painful stimulation. The ability to independently maintain ventilatory function is often impaired. Patients often require assistance in maintaining a patent airway, and positive pressure ventilation may be required because of depressed spontaneous ventilation or	X	

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	drug-induced depression of neuromuscular function. Cardiovascular function may be impaired.		
	Indicate all health care providers privileged to provide anesthesia:		
	Anesthesiologist	X	
	Surgeon	X	
	CRNA	X	
	Registered Nurse	X	
	Anesthesiologist Assistant		
	Others (Please list below):		
	Specify		

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Chapter 9 - Anesthesia Services

Standard		Compliance Rating	Comments
	Chapter 9 - Anesthesia Services		
	Anesthesia services in an accreditable organization are provided in a safe and sanitary environment by qualified health care professionals who have been granted privileges to provide those services by the governing body.		
	Overall Chapter Compliance Level	SC	
	Was the delivery of sedation or anesthesia observed?	Yes	
	If so, what level?	General	
	The sedation/anesthesia was provided by:	CRNA	
	The sedation/anesthesia was supervised by:	Anesthesiologist	
	Standards A through I will be applied at organizations involved in the administration of sedation and anesthesia, including those where only local or topical anesthesia or only minimal sedation is administered.		
A	Anesthesia services provided in the facilities owned or operated by the organization are limited to those techniques that are approved by the governing body upon the recommendation of qualified professional personnel. Anesthesia services are performed only by health care professionals who have been credentialed and granted clinical privileges by the organization in accordance with Chapter 2.II.	SC	The governing body has approved all levels of sedation and anesthesia and anesthesiologists supervise CRNA's to administer sedation. Conscious sedation may also be provided by credentialed pain management physicians.
B	Adequate supervision of anesthesia services provided by the organization is the responsibility of one or more qualified physicians or dentists who are approved and have privileges for supervision granted by the governing body.[2]	SC	Conscious sedation and supervision of anesthesia privileges was noted in the credential files that were reviewed.
C	Policies and procedures are developed for anesthesia services, which include, but are not limited to:	SC	
C.1	Education, training, and supervision of personnel.	SC	
C.2	Responsibilities of non-physician anesthetists.	SC	
C.3	Responsibilities of supervising physicians and dentists.	SC	

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D	A physician, dentist, or qualified health care professional supervised by a physician or dentist, and approved by the governing body, examines the patient immediately prior to administration of the anesthetic to evaluate the risks of anesthesia relative to the procedure to be performed and develops and documents a plan of anesthesia.[2]	SC	All patients undergoing sedation are examined by the anesthesiologists; pain management physicians perform an assessment for conscious sedation.
E	The informed consent of the patient or, if applicable, of the patient's representative, is obtained before the procedure is performed. One consent form may be used to satisfy the requirements of this Standard and Standard 10.I.I.	SC	A separate consent form was noted in all of the clinical records that were reviewed.
F	Anesthesia is administered by anesthesiologists, other qualified physicians,dentists, certified registered nurse anesthetists, or other qualified health care professionals approved by the governing body pursuant to Chapter 2.II. Other qualified health care professionals must be directly supervised by a physician or dentist who has been privileged for such supervision.[2]	SC	
G	The facility must be established, constructed, equipped, and operated in accordance with applicable local, state and federal laws and regulations. At a minimum, all settings in which sedation or anesthesia is administered should have the following equipment for resuscitation purposes:	SC	
G.1	Reliable and adequate source of oxygen delivery.	SC	Multiple large K-tanks are present in the medical gas room at each facility and also smaller oxygen tanks are present on the anesthesia machine, crash carts and recovery stretchers as needed.
G.2	A device such as a self-inflating hand resuscitator bag capable of administering at least 90% oxygen.	SC	Ambu bags are present throughout both facilities.
G.3	Appropriate emergency drugs, supplies, and equipment.	SC	Appropriate airway supplies for difficult airways are present, for example.
G.4	Appropriate monitoring equipment for the intended anesthesia care.	SC	
G.5	Reliable suction source and appropriate equipment to ensure a clear airway.	SC	
H	All clinical support personnel with direct patient contact maintain at a minimum skills in basic cardiac life support (BCLS).	SC	All nurses have ACLS training and other support personnel have BLS training.
I	If local or topical anesthesia or minimal sedation is administered, clinical records include entries that, at minimum, address patient evaluation and the administration plan.	SC	
	Standards A through Z will be applied at organizations that administer moderate sedation/analgesia, deep sedation/analgesia, regional anesthesia, or general anesthesia.		
J	If moderate sedation / analgesia, deep sedation / analgesia, regional anesthesia or general anesthesia is administered, clinical records include	SC	Anesthesia records were complete in all of the clinical records that were reviewed.

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	entries that, at minimum, address:		
J.1	Pre-anesthesia evaluation.	SC	
J.2	Intra-anesthesia administration, monitoring, and evaluation.	SC	
J.3	Post-anesthesia recovery evaluation.	SC	
K	A patient's oxygenation, ventilation and circulation must be continually evaluated and documented. Intra-operative physiologic monitoring must include: continuous use of a pulse oximeter; blood pressure determination at frequent intervals, and electrocardiogram (EKG) monitoring for patients during moderate sedation, and for all patients during deep sedation/analgesia or general anesthesia. Monitoring for the presence of exhaled CO2 is required during the administration of deep sedation/analgesia. Monitoring for end tidal CO2 is required during the administration of general anesthesia.	SC	Oxygen saturation was done for all patients at the facility and continuous EKG monitoring was also recorded. Deep sedation and general anesthesia had documentation of end-tidal CO2 measurements.
L	The organization maintains a written policy with regard to assessment and management of acute pain.	SC	The written policy uses a visual analog scale of 1-10, for instance.
M	The patient is observed and monitored in a post-anesthesia care unit or in an area that provides equivalent care by methods appropriate to the patient's medical condition and sedation or anesthesia.	SC	A dedicated five or six bed PACU area is present at each location.
N	A physician or dentist is present until the medical discharge of the patient following clinical recovery from the surgery/procedure and anesthesia.	SC	
O	Before medical discharge from the facility, each patient must be evaluated by a physician, dentist, or delegated, qualified health care professional, supervised by a physician or dentist and approved by the governing body, to assess recovery. If medical discharge criteria have previously been set by the treating physician or dentist, and approved by the governing body, a delegated, qualified health care professional may determine if the patient meets such discharge criteria, and if so, may discharge the patient when those criteria are met.[2]	SC	Medical discharge criteria have been established and approved by the governing body. The clinical records contained signed discharge orders and signed off that discharge criteria had been met.
P	Health care professionals with documentation of current training in advanced cardiac life support (ACLS) are present to provide advanced resuscitative techniques until all patients operated on that day have been physically discharged. When pediatric patients are served, health care professionals with documentation of current training in PALS and age- and size-appropriate resuscitative equipment must be available at all times until pediatric patients operated on that day have been physically discharged. Initial ACLS and PALS training and subsequent retraining shall be obtained from the American Heart Association or another vendor that includes "hands-on" training and skills demonstration of airway management and automated external defibrillator (AED) use.	SC	PALS trained nurses and anesthesiologists are present when children's services are being offered.

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Q	Patients who have received moderate sedation/analgesia, deep sedation/analgesia, regional anesthesia or general anesthesia are discharged in the company of a responsible adult.[2]	SC	
R	A safe environment for providing anesthesia services is ensured through the provision of adequate space, equipment, supplies, medications, and appropriately trained personnel. Written policies must be in place for safe use of injectables and single-use syringes and needles. All equipment should be maintained, tested, and inspected according to the manufacturer's specifications. A log is kept of regular preventive maintenance.	PC	Quarterly preventive maintenance records were present for each of the eight anesthesia machines between both locations. However, see also comments 11I. Also, succinylcholine and rocuronium are kept on the anesthesia carts and those medications require refrigeration when not being used.
S	Alternate power adequate for the type of surgery/service being performed is available in operative and recovery areas.	SC	Each location has a very large, functional diesel generator that powers the operative and recovery areas including lighting and dedicated electrical outlets.
T	Education and training in the recognition and treatment of malignant hyperthermia must occur before triggering agents are made available within the organization. Education and malignant hyperthermia drills are conducted at least annually thereafter when triggering agents are present within the organization. Organizations that have anesthetic and resuscitative agents available that are known to trigger malignant hyperthermia must have written protocols to promote patient safety, such as the Malignant Hyperthermia Association of the United States (MHAUS) protocol. (See Appendix D, Malignant Hyperthermia Guidelines.) These treatment protocols must:	SC	Annual MH drills are documented. The organization stocks 36 vials of dantrolene at each location. Other MH supplies are also present including methods for cooling.
T.1	Be posted and immediately available in each location where triggering agents might be used.	SC	
T.2	Include the use of dantrolene and other medications, and methods of cooling and monitoring of the patient.	SC	
U	The organization has a written protocol in place for the safe and timely transfer of patients to a predetermined alternate care facility when extended or emergency services are needed to protect the health or well-being of the patient. Standard 4.I addresses medical emergencies that arise in connection with surgical procedures.	SC	The organization has written transfer policies in place for transferring patients to the local hospitals for further postoperative care as the need arises. Six transfers were appropriately sent over the last three years.
	Standard V will be applied to organizations that provide anesthesia services to children.		
V	If anesthesia services are provided to infants and children, the required equipment, medication, and resuscitative capabilities appropriate to pediatric patients are on site.	SC	Pediatric policies are in place and includes PALS providers, medication dosages and a dedicated pediatric crash cart/airway kit, for example.
W	No patient shall receive moderate or deep sedation or general anesthesia unless a physician, dentist, or other qualified individual supervised by a physician or dentist, in addition to the one performing the surgery, is present to monitor the patient. The operating physician or dentist may be the supervising physician or dentist. During moderate sedation, the additional individual may assist with minor, interruptible tasks.	SC	

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X	Organizations that provide sedative, hypnotic or analgesic drugs that do not have an antagonist medication (for example, propofol) will identify who in the organization, as noted in Standard 9.F, is privileged to administer these drugs.	SC	Only CRNA's or anesthesiologists are permitted to administer propofol at either facility.
Y	In settings where anesthesia may be provided by other than an anesthesiologist, oral and maxillofacial surgeon, certified registered nurse anesthetist, or an anesthesiologist assistant within his/her scope of practice, the organization has a written protocol that explains how the organization will respond in the event that a deeper-than-intended level of sedation occurs.	SC	The organization has a deeper than intended level of anesthesia policy for conscious sedation by the surgeons and this includes the use of rescue medications and airway support.
	Standards Z through AA will be applied to organizations that administer deep sedation and / or general anesthesia.		
Z	The administration of deep sedation requires monitoring for the presence of exhaled CO2.	SC	
AA	The administration of general anesthesia requires:	SC	
AA.1	Monitoring for end-tidal CO2.	SC	End-tidal CO2 monitoring was observed and was present in the medical records that were reviewed.
AA.2	A readily available means of measuring body temperature.	SC	Body temperature is monitored by the anesthesia provider.
	Consultative Comments		**Consultative Comments**
	[2]For organizations that are Medicare-certified or seeking Medicare certification, the Medicare Conditions for Coverage section that begins onpage 69 supersede AAAHC Standards B, D, F, O, and Q.		

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Chapter 10 - Surgical and Related Services - General Requirements I

Standard		Compliance Rating	Comments
	Chapter 10 - Surgical and Related Services		
	Surgical and related services in an accreditable organization are performed in a safe and sanitary environment by qualified health care professionals who have been granted privileges to perform those procedures by the governing body. The standards in this chapter apply to organizations that provide any invasive procedures, such as pain management, endoscopy procedures, cardiac catheterization, lithotripsy, and in-vitro fertilization, as well as surgery. Such an organization has the following characteristics.		
	Overall Chapter Compliance Level	SC	
	Was a surgical procedure observed during the survey?	Yes	
	Name of procedure:	Removal of Lipoma Shoulder; Left knee arthroscopy	
	In this chapter and throughout this *Handbook*, the terms "surgery," "procedure", and "operation" are used interchangeably. The use of any of these terms is to reference any such skill, method, or technique that involves cutting, abrading, suturing, laser or otherwise physically entering or changing body tissues and organs, including invasive pain management procedures. **Note: Some standards may not apply to organizations that only perform minor, superficial procedures without anesthesia or under local or topical anesthesia.**		
	Subchapter I - General Requirements: This subchapter describes general requirements for an organization that provides surgical and related services.	SC	
A	Surgical procedures must be performed in a functional and sanitary environment and are limited to those procedures that are approved by the governing body upon the recommendation of qualified medical staff.	SC	The governing body has approved a "laundry list" of orthopedic, pain management and anesthesia related services included in their scope of services.
B	Adequate supervision of surgery conducted by the organization is a responsibility of the governing body. It is recommended that supervision of surgical services be provided by a physician or dentist.	SC	

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C	Surgical procedures must be performed in a safe manner only by qualified providers who:	SC	
C.1	Are licensed to perform such procedures within the state in which the organization is located.	SC	
C.2	Have been granted clinical privileges to perform those procedures by the governing body in accordance with Chapter 2.II.	SC	All of the surgeons reviewed were granted privileges consistent with those permitted by the governing body.
D	An appropriate and current health history must be completed, with a list of current prescription and non-prescription medications and dosages, when available; physical examination; and pertinent pre-operative diagnostic studies incorporated into the patient's clinical record within thirty (30) days, or according to local, state, or federal requirement, prior to the scheduled surgery/procedure.	PC	The history and physical was completed within 30 days of the procedure and contained a complete medical assessment and medication list. Some charts contained the history and physical information on the accompanying clinical progress notes from the medical practice. However, the history and physical was not updated in about 1/3 of the clinical records according to the written policies of the organization.
D.1	The organization has written policies regarding procedures and treatments that are offered to patients, which include criteria for patient selection, the need for anesthesia support, and post-procedural care.	SC	Patient selection criteria include ASAI-III, acceptable outpatient procedure and medical clearance, if necessary.
E	When pre-operative antibiotics are ordered, the use and timeliness of administration is documented in the patient's clinical record.	SC	Documentation of antibiotic administration was noted in the records were antibiotics were given.
F	A written policy is in place for the risk assessment and prevention practices relating to deep vein thrombosis, when appropriate.	SC	The organization has an "anti-embolism" policy in place that addresses the use of mechanical devices to prevent deep venous thrombosis, for example.
G	Specific instructions for discontinuation or resumption of medications prior to and after a procedure are provided to the patient with corresponding documentation in the patient's clinical record.	SC	Medication reconciliation was present in all of the medical records reviewed.
H	The necessity or appropriateness of the proposed surgery, as well as any available alternative treatment techniques, have been discussed with the patient prior to surgery.	SC	
I	The informed consent of the patient or, if applicable, of the patient's representative, is obtained before the procedure is performed.	SC	A completed and signed consent was present in the charts of all of the medical records that were surveyed.
J	Registered nurse(s) and other health care professionals assisting in the provision of surgical services are appropriately trained and supervised, and are available in sufficient numbers for the surgical and emergency care provided.	SC	
K	Each operating room is designed and equipped so that the types of surgery conducted can be performed in a manner that protects the lives and ensures the physical safety of all persons in the area. Only nonflammable agents are present in an operating room, and the room is constructed and equipped in compliance with applicable state and local fire codes.	SC	All eight operating rooms and the one procedure room are constructed to meet applicable state and local fire codes. All of the rooms also contain a mounted CO2 fire extinguisher.
L	Health care professionals trained in the use of emergency equipment and BLS	SC	

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	must be available whenever there is a patient in the facility. At least one (1) physician or dentist is present or immediately available by telephone whenever patients are physically present in the facility.		
M	With the exception of those tissues exempted by the governing body after medical review, tissues removed during surgery are examined by the pathologist, whose signed report of the examination is made a part of the patient's clinical record.	PC	The organization has a tissue exemption policy in place that has been approved by the governing body and includes normal skin, scar tissue, hardware, etc. However, the written policy says that the surgeon may also exempt any tissue of his choosing from pathological examination which would not be in accordance with the policy that only the governing body may create an exemption list.
N	The findings and techniques of a procedure are accurately and completely documented immediately after the procedure by the health care professional who performed the procedure. This description is immediately available for patient care and becomes a part of the patient's clinical record.	SC	All of the medical records reviewed had a signed and dictated operative report present.
O	A safe environment for treating surgical patients, including adequate safeguards to protect the patient from cross-infection, is ensured through the provision of adequate space, equipment, supplies, and personnel.	SC	
O.1	Provisions have been made for the isolation or immediate transfer of patients with a communicable disease.	SC	A written policy consistent with Tennessee Department of Health requirements was present should the need arise.
O.2	All persons entering operating or procedure rooms are properly attired as defined by the organization's written policy.	SC	All persons entering the operating room had scrub attire, hats, masks and shoe covers according to the written policies.
O.3	Acceptable aseptic techniques are used by all persons in the surgical area.	SC	
O.4	A written policy outlines the appropriate and timely surgical hand antisepsis (scrub) using either an antimicrobial soap or an alcohol-based hand rub according to the product manufacturer's recommended guidelines.	SC	Physicians and surgical assistants were observed to appropriately wash their hands prior to the commencement of the surgery in accordance with the written policies of the organization.
O.5	Only authorized persons are allowed in the surgical or treatment areas, including laser rooms.	SC	
O.6	Environmental controls are implemented to ensure a safe and sanitary environment.	SC	The organization monitors temperature and humidity settings on a daily basis.
O.7	Suitable equipment is provided for the regular cleaning of all interior surfaces.	SC	
O.8	Operating/procedure rooms are appropriately cleaned before each procedure.	SC	Each operating room was observed to be decontaminated before and after the surgical procedures at both locations.
O.9	Freshly laundered attire is donned in an area inside of the organization prior to entry into areas designated as restricted.	SC	
O.10	Attire used for personal protective equipment (PPE) or attire contaminated with	SC	Both facilities use Ameripride, Inc. which is a health care laundering service that

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	blood or body fluid is laundered by a laundry that adheres to nationally recognized guidelines and is approved by the organization		follows OSHA laundering guidelines for health care settings.
O.11	As needed to minimize the potential contamination of the surgical environment and surgical staff, patient clothing is removed or covered prior to the patient's entry into a surgical area.	SC	Disposable patient gowns are used by the organization and clothing is removed.
O.12	Measures are implemented to prevent skin and tissue injury from chemicals, cleaning solutions and other hazardous exposure.	SC	
O.13	Fire risks are identified and minimized, and staff members are prepared to address fire hazards, if necessary.	SC	
O.14	Policies are in place for pre-procedure site antisepsis, as appropriate to service(s) provided and patient requirements and needs.	SC	Surgical sites were observed to be appropriately prepped prior to the surgical procedure according to the written policies of the organization.
P	Suitable equipment for immediate use and routine sterilization is available to ensure that operating room materials are sterile. The processes for cleaning and sterilization of supplies and equipment adhere to the manufacturer's instructions and recommendations.	PC	The organization has two dedicated autoclaves at each location for both immediate use sterilization and normal routine sterilization of instrument trays and follows the manufacturers guidelines. *
P.1	Written policies must clearly require documentation of the pre-cleaning, transport, and handling of medical devices intended for external vendor reprocessing, inspection, or repair.	PC	See comments 7II-M.
Q	Sterilized materials are packaged, labeled, and stored in a consistent manner to maintain sterility and identify sterility dates. Internal and external indicators, including biological indicators, are used to demonstrate the safe processing of items undergoing high-level disinfection and sterilization.	SC	All sterilized packages of instruments had clearly visible sterility dates and included the use of internal and external indicators.
R	Organizations that perform procedures where blood loss and subsequent blood replacement is a potential have policies and procedures to address this type of situation and/or need.	SC	The organization has written policies to obtain blood products from the nearby hospital should the need arise during or immediately after the surgical procedure.
S	Alternate power adequate for the type of surgery performed is available in operative and recovery areas.	SC	
T	Periodic calibration and/or preventive maintenance of equipment is provided.	SC	Annual preventive maintenance for all patient care equipment was documented for both facilities.
U	The organization utilizes a process to identify or designate the surgical procedure to be performed and the surgical site, and involves the patient in that process. The person performing the procedure marks the site. For dental procedures, the operative tooth may be marked on a radiograph or a dental diagram.	SC	The surgeon was observed marking the patient himself prior to the surgical procedure.
V	Immediately prior to beginning a procedure, the operating team verifies the patient's identification, intended procedure, and correct surgical site, and that all	SC	A surgical "time out" was observed for both procedures and this information was documented in the clinical record.

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	equipment necessary for performing the scheduled procedure are immediately available in the operating/procedure room. If implantable devices are intended to be used during the procedure, such devices are prepared and made available prior to the start of the procedure and are incorporated into the verification process. The provider performing the procedure is personally responsible for ensuring that all aspects of this verification have been satisfactorily completed immediately prior to beginning the procedure.		
W	The organization identifies the types of procedures requiring counts of sponges, sharps, and instruments.	SC	A safety surgical checklist was present for the surgical procedures and a sharps and sponge count was present for each surgery according to the written policies of the organization.
W.1	When a count is required, there is a process to ensure that it occurs both before and after the procedure.	SC	
X	A process is in place for the observation, care, and communication of such care in all perioperative areas of the patient's facility experience. The organization must define and implement a process in which information about the patient's care is communicated consistently. The process must include means to educate the staff and medical care providers about the process and support implementation consistently throughout the organization.	SC	During the two day survey process, the termination of several procedures were observed and the staff was noted to be effectively communicating surgical information to the recovery room staff.
Y	The organization follows established protocols for instructing patients in self-care after surgery, including the provision of written instructions to patients who receive moderate sedation/analgesia, deep sedation/analgesia, regional anesthesia, or general anesthesia.	SC	A copy of signed written discharge instructions was present in the files of the medical records that were reviewed.
Z	Organizations that receive/store/issue blood and blood products for transfusion or human cells or tissues for transplantation must have written protocols for handling, maintenance, and storage, consistent with those of a nationally-recognized authority, such as the American Association of Tissue Banks (AATB) and the U.S. Food and Drug Administration (FDA).	SC	The organization follows the FDA policies for use of human tissue transplants for various orthopedic procedures such as ACL repairs, cartilage replacement, etc.
	Standard AA will be applied to organizations that provide surgical, diagnostic, and/or therapeutic services to children.		
AA	The organization defines pediatric patients, and has policies addressing the care provided and ensuring a safe environment through the provision of adequate space, equipment, supplies, medications, and personnel.	SC	The organization has the necessary equipment and supplies and has dedicated recovery areas at each location for children.
	Consultative Comments		**Consultative Comments** Consider performing a QI study on timeliness of history and physicals, the use of appropriate update forms (Medicare requires within 7 days), and making sure or ensuring that the entire history and physical form is completed per written policies.
	[4]For more information on the states that have opted out of the requirement for physician supervision of CRNAs, use the following link and scroll down to		

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	"Anesthesia Supervision": http://www.cms.gov/Regulations-and-Guidance/Legislation/CFCsAndCoPs/Spotlight.html		

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Chapter 11 - Pharmaceutical Services

Standard		Compliance Rating	Comments
	Chapter 11 - Pharmaceutical Services		
	Pharmaceutical services provided or made available by an accreditable organization meet the needs of the patients and are provided in accordance with ethical and professional practices and legal requirements. Such an organization has the following characteristics. **Note: This chapter applies to any organization that uses drugs or pharmaceutical medical supplies, regardless of the presence or absence of an on-site pharmacy.**		
	Overall Chapter Compliance Level	SC	
A	Pharmaceutical services are provided or made available in a safe and effective manner, in accordance with accepted professional practice and under the direction of an individual designated responsible for pharmaceutical services in accordance with Standard 11.J.	SC	
B	Pharmaceutical services are provided in accordance with ethical and professional practice and applicable federal and state laws.	SC	
C	Staff demonstrates knowledge of applicable state and federal pharmaceutical laws.	SC	
D	Records and security are maintained to ensure the control and safe dispensing of drugs, including samples, in compliance with federal and state laws.	SC	Narcotics counts are accurate and log books were in place for both locations.
E	Staff informs patients concerning safe and effective use of medications consistent with legal requirements and patient needs.	SC	Any medications dispensed to patients at the center are given according to manufacturer guidelines including medications for pain pumps, for example.
F	Measures have been implemented to ensure that prescription pads are controlled and secured from unauthorized patient access, and pre-signed and/or postdated prescriptions pads are prohibited.	SC	Prescription pads are kept in the narcotics cabinet and nursing areas of the two locations and are secured.
G	All medications, including vaccines and samples, are checked for expiration dates on a regular basis; expired items are disposed of in a manner that prevents unauthorized access, protects safety, and meets state and federal requirements.	SC	No expired medications or reagents were noted in any of the patient treatment areas, medication areas, recovery areas, etc.
H	All injectable medications drawn into syringes and oral medications removed from the packaging identified by the original manufacturer must be	PC	Medications that were administered to patients during surgery were either immediately given or were appropriately labeled as evidenced by direct

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	appropriately labeled if not administered immediately.		observation. However, the organization has been stocking succinylcholine on its anesthesia carts and this medication is required to be refrigerated and is therefore not storing according to manufacturer guidelines.
I	The organization must have policies in place for safe use of injectables and single-use syringes and needles that at minimum include the CDC or comparable guidelines for safe injection practices.	PC	Several multi-dose vials of lidocaine, succinylcholine, label, epinephrine, etc. were found in the anesthesia carts at both locations and they were located in the operative suites. *
J	Pharmaceutical services provided by the organization are directed by a licensed pharmacist or, when appropriate, by a physician or dentist who is qualified to assume professional, organizational, and administrative responsibility for the quality of services rendered.	SC	Both facilities have pharmacist consultants to assist with the medications and drug supplies kept at each location. The medical director, however, oversees the pharmaceutical services.
K	Providers or other health care professionals who prescribe, dispense, administer, and provide patient education on medications have easy access to current drug information and other decision support resources.	SC	
L	If look-alike or sound-alike medications are present, the organization identifies and maintains a current list of these medications, and actions to prevent errors are evident.	PC	Look-alike and sound-alike medications were identified and segregated in the medication areas; however, look-alike and sound-alike medications were in continuity in the anesthesia carts, for example, epinephrine and ephedrine. Also, the organization has a generic list of all look-alike and sound-alike medications but does not have a list of medications that meet this criteria and are specific to their facilities. *
M	Procedures are established by the organization for maintenance, cleaning, distribution and use of devices such as nebulizer units, intravenous infusion pumps, or any other mechanical device used in the medication delivery process.	SC	Appropriate cleaning of the pumps used for knee arthroscopy and the Neptune vacuum system was observed during the two day survey process.
N	A pharmacy owned or operated by the organization is supervised by a licensed pharmacist.	NA	
O	Pharmaceutical services made available by the organization through a contractual agreement are provided in accordance with the same ethical and professional practices and legal requirements that would be required if such services were provided directly by the organization.	NA	
P	Patients are not required to use a pharmacy owned or operated by the organization.	NA	
	Consultative Comments		**Consultative Comments** Consider having a designated employee or nurse anesthetist to remove the succinylcholine from the refrigerator at the beginning of the day and returning it to the refrigerator if unused at the end of the day. Consider deriving a list of look-alike and sound-alike medications appropriate to the organization from the generic list provided by ISP. Consider performing a QI study on CDC safe use of injectables involving anesthesia providers.

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Chapter 12 - Pathology and Medical Laboratory Services - CLIA Waived Tests I

Standard		Compliance Rating	Comments
	Chapter 12 - Pathology and Medical Laboratory Services		
	Pathology and medical laboratory services provided or made available by an accreditable organization meet the needs of the patients and are provided in accordance with ethical and professional practices and legal requirements. Such an organization has the following characteristics.		
	Overall Chapter Compliance Level	SC	
	Subchapter I - CLIA-Waived Tests: This subchapter applies only to health care organizations providing services that meet the Clinical Laboratory Improvement Amendments (CLIA) of 1988 requirements for waived tests.	SC	
A	An accreditable organization:	SC	
A.1	Meets the requirements for waived tests under CLIA (part 493 of Title 42 of the Code of Federal Regulations) if it performs its own laboratory services, performs only waived tests, and has obtained a certificate of waiver, and/or	SC	The organization has a CLIA waiver for each location. The main location is 44D0994760 and the satellite location is 44D2072821.
A.2	Has procedures for obtaining routine and emergency laboratory services from a certified laboratory in accordance with CLIA if it does not perform its own laboratory services.	SC	The organization has agreements with local CLIA approved laboratories for pathological and laboratory specimens.
B	Pathology and medical laboratory services provided or made available are appropriate to the needs of the patients and adequately support the organization's clinical capabilities.	SC	Outpatient laboratory testing includes various blood tests and profiles, cultures and pathology interpretation.
C	Pathology and medical laboratory services include, but are not limited to:	SC	
C.1	Conducting laboratory procedures that are appropriate to the needs of the patients.	SC	The locations perform CLIA waived PT/PTT, basic chemistry profiles, hemoglobin, glucose testing and urine pregnancy testing.
C.2	Performing tests in a timely manner.	SC	
C.3	Distributing test results after completion of a test and maintaining a copy of the results.	SC	Tests performed on site are immediately recorded into the patient's medical record and patients are informed of any abnormalities.
C.4	Performing and documenting appropriate quality control procedures, including, but not limited to, calibrating equipment periodically and validating test results.	SC	Quality control logs were reviewed for i-stat (chemistry) testing, glucometry, and urine HcG, for example.

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C.5	Ensuring that staff performing tests has adequate training and competence to perform the tests.	SC	
D	The organization has a policy that ensures that test results are reviewed appropriately and that documents that test results are reviewed by the ordering physician or another privileged provider.	SC	The organization faxes pathology results to the physician/surgeon and on-site testing is reviewed before incorporating into the clinical record.
	Consultative Comments		**Consultative Comments**

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Chapter 13 - Diagnostic and Other Imaging Services

Standard		Compliance Rating	Comments
	Chapter 13 - Diagnostic and Other Imaging Services		
	Imaging services, including those used for diagnosing, monitoring, or assisting with procedures provided or made available by an accreditable organization, meet the needs of the patients and are provided in accordance with ethical and professional practices and legal requirements. Such an organization has the following characteristics.		
	Overall Chapter Compliance Level	SC	
	Standards A through F will be applied to organizations providing only diagnostic imaging services. Standards A through L will be applied to organizations that provide imaging services used for diagnosing, monitoring, or assisting with procedures.		
A	Imaging services provided or made available by the organization are appropriate to the needs of the patient and adequately support the organization's capabilities.	SC	
B	Imaging services include, but are not limited to:	SC	
B.1	Providing radiographic, fluoroscopic, ultrasonic, or other imaging services that are appropriate to the organization's function.	SC	The organization has two C-arms at the satellite location and five C-arms at the main location in Germantown, TN. The facilities each have a portable ultrasound device with a transducer to assist in pain management procedures.
B.2	Interpreting images and ensuring appropriate documentation in a timely manner.	SC	
B.3	Maintaining appropriate records or reports of services provided.	SC	
B.4	Providing adequate space, equipment, and supplies to ensure the provision of quality services.	SC	The c-arms for the main location are maintained in the operative suites as are the c-arms for the satellite location.
C	Health care professionals providing imaging services and/or interpreting results:	SC	
C.1	Have appropriate training and credentials.	SC	All of the orthopedic physicians on staff and pain management specialists have appropriate training and education.
C.2	Have been granted privileges to provide these services.	SC	All of the physician providers files that were reviewed had evidence of providing and overseeing fluoroscopic images and interpretation.

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C.3	Have appropriate safety training and provide their services in a safe manner.	SC	Radiology technicians, staff members and physicians receive radiation safety training and the organization maintains safety policies at both locations.
D	Policies that address the safety aspects of the imaging services include, but are not limited to:	SC	
D.1	Regulation of the use, removal, handling, and storage of potentially hazardous materials.	SC	
D.2	Precautions against electrical, mechanical, magnetic, ultrasonic, radiation and other potential hazards.	SC	The cords are plugged into dedicated outlets and slip or fall hazards are minimized when imaging technology is utilized.
D.3	Proper shielding where radiation, magnetic field, and other potentially hazardous energy sources are used.	SC	Lead aprons are utilized for imaging procedures and the integrity is checked for the lead aprons on an annual basis.
D.4	Acceptable monitoring devices or processes to ensure the safety of all personnel who might be exposed to radiation, magnetic fields, or otherwise harmful energy; if radiation exposure is not monitored, documentation exists within the organization to support this decision.	SC	
D.5	Maintenance of appropriate exposure records.	SC	Dosimetry records are reviewed on a quarterly basis. All exposures were within acceptable limits at both locations.
D.6	Instructions to personnel in safety precautions and in dealing with accidental hazardous energy field exposure.	SC	
D.7	Periodic evaluation by qualified personnel of energy sources and of all safety measures followed, including calibration of equipment and testing the integrity of personal protective devices in compliance with federal, state, and local laws and regulations.	SC	An annual physicist report was present for each fluoroscopic device at both locations. These reports demonstrated normal functionality and calibration of the equipment. The reports were approved by the Tennessee Department of Environment and Conservation.
E	Proper warning signs are in place, alerting the public and personnel to the presence of hazardous energy fields, emphasizing concern for particularly susceptible individuals, including:	PC	An x-ray in use sign is present outside the doors of the operating room and also at the main entrance area in both locations. However, see E-1 below. *
E.1	Pregnant females.	NC	Neither location had the required specific pregnancy signs present warning pregnant females to be cautious or not to be present.
E.2	In cases of magnetic resonance imaging:	NA	
E.2a	Patients with metal implantations.	NA	
E.2b	Patients or personnel with magnetically inscribed credit cards, where appropriate.	NA	
E.2c	Patients or personnel wearing metallic objects capable of potentially dangerous motion.	NA	

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E.2d	Patients with pacemakers or internal defibrillators.	NA	
F	The organization implements a process to identify the correct site and correct service that is to be performed and involves the patient in the process.	SC	The written policies of the organization require the confirmation of the site to be imaged especially during pain management procedures.
G	A radiologist authenticates all examination reports, except reports of specific procedures that may be authenticated by specialist physicians or dentists who have been granted privileges by the governing body or its designee to authenticate such reports.	SC	The orthopedic and pain management physicians on staff have been credentialed to provide this service.
H	Authenticated, dated reports of all examinations performed are made a part of the patient's clinical record.	SC	In several of the clinical records reviewed, there was documentation in the operative report of the imaging findings.
I	Diagnostic imaging services provided by the organization are directed by a physician or dentist who is qualified to assume professional, organizational, and administrative responsibility for the quality of the services rendered.	SC	
J	Diagnostic imaging tests are performed only upon the order of a health care professional. Such orders are accompanied by a concise statement of the reason for the examination.	SC	Justification for the use of imaging services was noted in the clinical records that were reviewed and included pain management procedures, hardware placement, etc.
K	Diagnostic images are maintained in a readily accessible location for the time required by applicable laws and policies of the organization.	SC	When fluoroscopic images are printed, they are maintained in the clinical record of the patient.
L	A policy addresses the storage and retention of diagnostic images.	SC	Images are retained in the clinical medical record. All older medical records are scanned and the images are stored digitally on computer servers.
	Consultative Comments		**Consultative Comments**

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Chapter 18 - Teaching and Publication Activities

Standard		Compliance Rating	Comments
	Chapter 18 - Teaching and Publication Activities		
	If staff is involved in teaching or publishing, an accreditable organization has policies governing those activities that are consistent with its mission, goals, and objectives. Such an organization has the following characteristics.		
	Overall Chapter Compliance Level	SC	
A	Written policies concerning teaching activities address the formal relationship and responsibilities between the organization and the training institution and its trainees. Such written policies include but are not limited to:	SC	The organization has resident physicians and fellows that are allowed to assist with surgery from the Department of Orthopedics at the University of Tennessee via an agreement with the Campbell Clinic.
A.1	The terms and conditions of reimbursement or other compensation.	SC	The residents and fellows are not compensated for their participation at the surgery center.
A.2	The time spent away from direct patient care and administrative activities.	SC	
A.3	The training and orientation of all students and postgraduate trainees, including the extent of their involvement in patient care activities.	SC	Residents and fellows are only allowed to assist the primary surgeon and patients are aware of this policy. HIPAA training and orientation is provided by the facility.
A.4	The requirement or non-requirement for liability coverage.	SC	Liability coverage is provided by the Department of Orthopedics at the University of Tennessee.
A.5	Requirements for training and expectation of adherence by trainees to organizational policies, including state and federal guidelines such as The Health Insurance Portability and Accountability Act (HIPAA) and OSHA.	SC	
B	The written policy concerning the provision of health care by personnel in any student or postgraduate trainee status includes but is not limited to:	SC	
B.1	A definition of close and adequate supervision of students and postgraduate trainees.	SC	Resident physicians are not allowed to participate independently in patient care and serve as surgical assistants.
B.2	An established process for informing the patient of the status of the health care professional and obtaining patient consent for such person's participation in or observation of the patient's care.	SC	Patient consents allow or disallow the presence of students and trainees.
C	Written policies concerning publishing activities address:	SC	

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C.1	The need for governing body approval for all publications that are attributed to the organization or result from care that occurred in the organization.	SC	
C.2	Governing body approval of the terms and conditions of compensation from publication and the cost of publication.	SC	Any publication by the physician owners is reimbursed or sponsored by the Campbell Clinic physician entity.
	Consultative Comments		**Consultative Comments**

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Chapter 20 - Overnight Care and Services

Standard		Compliance Rating	Comments
	Chapter 20 - Overnight Care and Services		
	If an accreditable organization provides overnight care (i.e., has patients that are not discharged from the facility on the day they were admitted to the facility) and related services, such care and services meet the needs of the patients served and are provided in accordance with ethical and professional practices and legal requirements. **Note: This chapter applies to organizations, or sub-units thereof, that provide care, including overnight accommodations, for patients who do not require the full range of services of an acute care hospital. Such patients may be recovering from surgery and require observation by medical personnel, receiving treatment for non-critical illnesses, or need only short-term or custodial care.**		
	Overall Chapter Compliance Level	SC	
A	The scope and limitations of overnight care and services are clearly specified. Such information is communicated to:	SC	The organization has written policies in place to identify those patients that could have surgery at their facility and remain in the overnight care units.
A.1	Physicians who refer and admit patients to the program.	SC	
A.2	Staff who provide the care and services.	SC	
A.3	Potential patients in advance of their referral to the program.	SC	Potential patients are identified preoperatively and include total joint replacement, for example.
A.4	Other health care professionals and relevant community agencies.	SC	
B	A patient is admitted or discharged only upon the order of a physician who is responsible for the medical care of that patient.	SC	Specific physician orders are provided and documented for patients who are placed into overnight observation.
C	Adequate supervision of overnight care and services is the responsibility of one or more qualified physicians who are approved by the governing body upon the recommendation of qualified medical staff.	SC	
D	At least one physician is present or immediately available by telephone whenever patients are present.	SC	Both the surgeon and the anesthesiologist are immediately avaialbe as the need may arise.
E	Providers may admit patients to this program if they:	SC	

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E.1	Are licensed to treat patients or supervise care and services in this setting.	SC	All physicians on staff have an active Tennessee license.
E.2	Have been granted such privileges by the governing body of the organization, in accordance with Chapter 2.II.	SC	All physicians on staff have been granted privileges to perform overnight admissions at either location.
F	Policies and procedures are clearly specified that include, but are not limited to:	SC	
F.1	Clinical criteria for determining eligibility for admission.	SC	Patient selection criteria have been created and include prolonged recovery, need for additional monitoring, intravenous fluids, further observation, etc.
F.2	Clinical responsibilities for each patient during his/her stay.	SC	
F.3	Arrangements for emergency services.	SC	
F.4	Arrangements for transfer to other health care services as needed.	SC	One patient required transfer to the hospital for further medical management and this patient was appropriately transferred and treated.
G	The organization has a written transfer agreement with a nearby hospital or grants admitting privileges only to physicians who have admitting privileges at a nearby hospital.	SC	The organization has a tranfer agreement at each location with a nearby local hospital.
H	The overnight care unit meets applicable local and state codes, including licensing requirements if the state licenses such units.	SC	The organization has approved overnight care beds at their surgery center with the Tennesseee Department of Health.
I	Registered nurses and other health care professionals are appropriately trained and supervised and are available in sufficient numbers to meet patient needs.	SC	
J	At least one registered nurse is on duty at all times when patients are present.	SC	Two ACLS nurses remain on premises when patients remain overnight.
K	Treatment rooms are provided or made available to meet patient needs and physician requirements.	SC	Two designated larger recovery areas are used for patients at the main location and two designated overnight rooms are provided at the satellite location.
L	Emergency power adequate for the size of the unit is available to protect the life and safety of patients.	SC	Both locations have large back-up generators to provide alternate power.
M	Appropriate isolation procedures are followed when any patient is admitted with a suspected or diagnosed communicable disease.	SC	
N	Food service and refreshments are provided to meet the needs of patients.	SC	
N.1	Evidence of compliance with local, state, and federal guidelines is present and adhered to regarding preparing, serving, disposal, and storing of food and drink for patient use.	SC	Only canned beverages, water and packages of crackers, chips, etc. are provided to patients. No food preparation is performed at either location.
N.2	Special dietary requirements for patient care are met.	SC	

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N.3	Personnel providing food services meet local health department requirements.	SC	Only pre-packaged beverages and snacks are provided to patients. Nearby restaurants provide food if necessary beyond what can be offered by the organization.
O	In addition to the applicable clinical records and health information requirements found in Chapter 6, the records for overnight care and services include:	SC	
O.1	A current history and physical examination.	SC	In the two overnight cases reviewed, a current history and physical examination was present.
O.2	Treatment orders.	SC	
O.3	Nursing notes.	SC	
O.4	Follow-up instructions to patients.	SC	Discharge instructions are given to patients and a signed copy is placed into the medical record.
P	If overnight care is the only service provided by the organization, that organization meets all other applicable Standards contained in the *Handbook*.	NA	
Q	If overnight care is only one of many services provided by the organization, these services shall be functionally integrated to ensure compliance with all other applicable Standards contained in the *Handbook*.	SC	
R	Overnight care and services are reviewed as part of the organization's quality improvement program.	SC	
	Consultative Comments		**Consultative Comments**

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Summary Table	Overall Chapter Level
1. Rights of Patients	SC
2. Governance	SC
I. General Requirements	SC
II. Credentialing and Privileging	SC
III. Peer Review	SC
3. Administration	SC
4. Quality of Care Provided	SC
5. Quality Management and Improvement	PC
I. Quality Improvement Program	PC
II. Risk Management	SC
6. Clinical Records and Health Information	SC
7. Infection Prev	SC
I. General Requirements	SC
II. Infection Safety	SC
8. Facilities and Environment	SC
9 - Anesthesia Services	SC
10. Surgical and Related Services	SC
I. Surgical - General	SC
II. Surgical - Laser	NA
III. Surgical - Lithotripsy Services	NA
11. Pharmaceutical Services	SC

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12 - Pathology and Medical Lab Services	SC
I. CLIA-Waived Tests	SC
II. CLIA-Laboratories	NA
13. Diagnostic and Other Imaging Services	SC
14. Dental Services	NA
I. Dental Services	NA
II. Dental Home	NA
15 - Other Professional & Technical Services	NA
I. General Services	NA
II. Travel Medicine	NA
16 - Health Education and Health Promotion	NA
17 - Behavioral Health	NA
18. Teaching and Publication Activities	SC
19. Research Activities	NA
20. Overnight Care and Services	SC
21. Occupational Health Services	NA
22. Immediate/Urgent Care Services	NA
23. Emergency Services	NA
24. Radiation Oncology Treatment Services	NA
25. Medical Home	NA

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Miscellaneous Information

Subject: RE: revised draft 2 of application--first of two emails
Date: Tuesday, December 12, 2017 at 12:40:38 PM Central Standard Time
From: Hernandez, George
To: John Wellborn, Phillips, Brant
CC: Thompson, Patti, Shumate, Daniel H., Armistead, Cindy

Rates of Total Joint Replacement Utilization in the U.S.: Future Projections to 2020-2040 Using the National Inpatient Sample

Jasvinder A. Singh and Shaohua Yu, University of Alabama at Birmingham, Birmingham, AL

Meeting: 2017 ACR/ARHP Annual Meeting

Date of first publication: September 18, 2017

Keywords: Arthroplasty, epidemiologic methods and health, Hip, Knee

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SESSION INFORMATION

Date: Sunday, November 5, 2017

Session Title: Orthopedics, Low Back Pain and Rehabilitation Poster

Session Type: ACR Poster Session A

Session Time: 9:00AM-11:00AM

Background/Purpose: To project the future utilization of total hip and knee joint arthroplasty (THA, TKA).

Methods: We used the 2000-2010 U.S. National Inpatient Sample combined with Census Bureau data to develop projections for primary and revision THA and TKA from 2020 to 2040 using negative binomial regression.

Results: Predicted total annual counts for THA and TKA utilization in the U.S. by 2020, 2025, 2030 and 2040 are (in thousands): primary THA, 527 (95% CI, 495, 561), 765 (95% CI, 712, 823), 1087 (95% CI, 999, 1184) and 2040 (95% CI, 1828, 2081); primary TKA, 1611 (95% CI, 1531, 1699), 2675 (95% CI, 2516, 2847); 4306 (95% CI, 4008, 4632) and 10314 (95% CI, 9391, 11343); revision THA 56 (95% CI, 51, 61), 68 (95% CI, 61, 76), 82 (95% CI, 72, 93) and 204 (95% CI, 183, 228); and revision TKA, 153 (95% CI, 140, 168), 250 (95% CI, 226, 279), 399 (95% CI, 353, 452) and 1031 ((95% CI,

939, 1134) (Figures 1 and 2). The utilization is projected to increase for both females and males (**Figure 3**), all age groups and all race/ethnicities (data not shown).

Conclusion: Significant increases in THA and TKA utilization are expected in the future. A policy change may be needed to meet increased demand.

FIGURES

Figure 1. The projected annual total utilization of primary total hip arthroplasty (THA) and total knee arthroplasty (TKA) procedures (in thousands) in the United States from 2020 to 2040

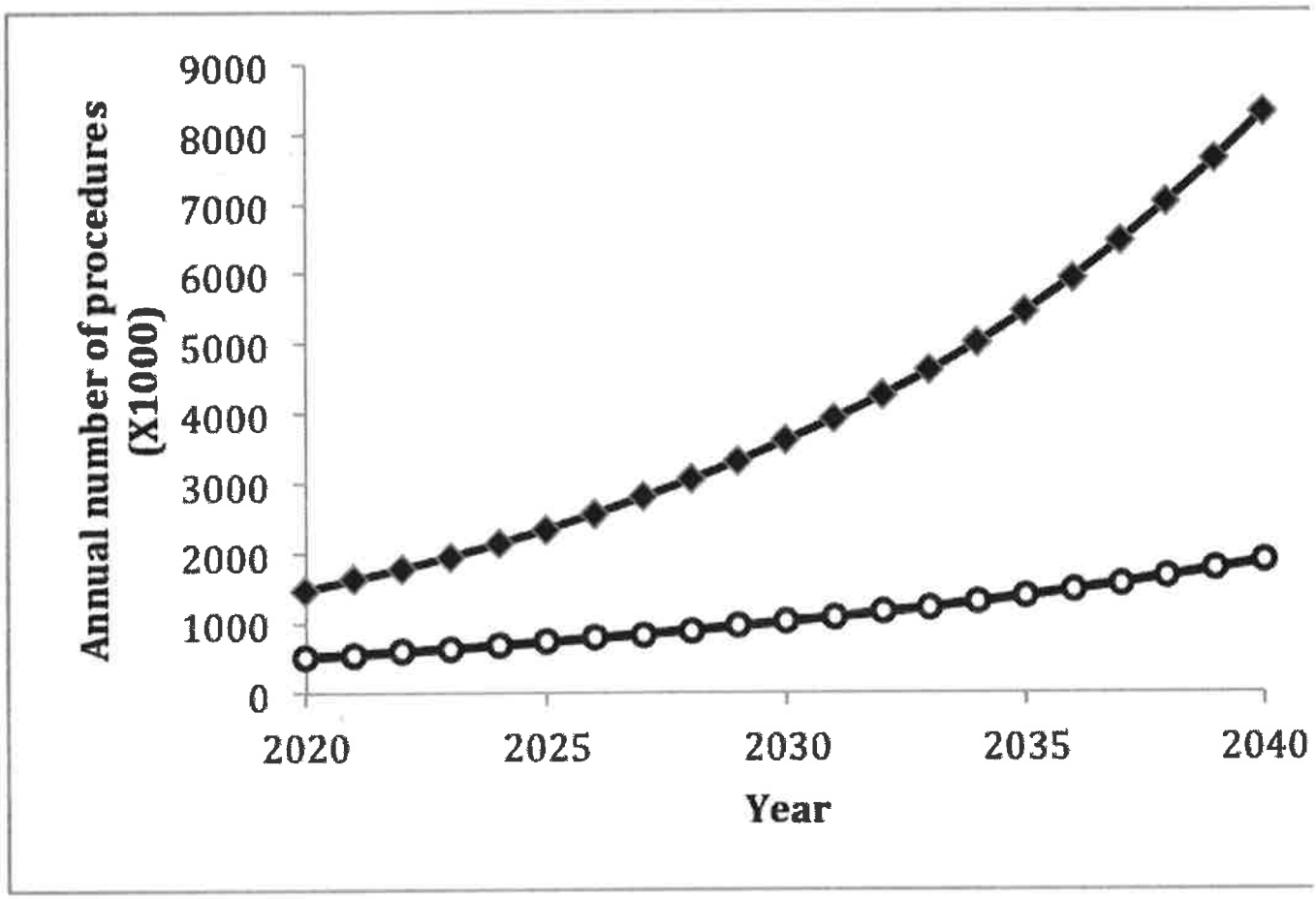


Figure 2. The projected annual total utilization of revision total hip arthroplasty (THA) and total knee arthroplasty (TKA) procedures (in thousands) in the United States from 2020 to 2040

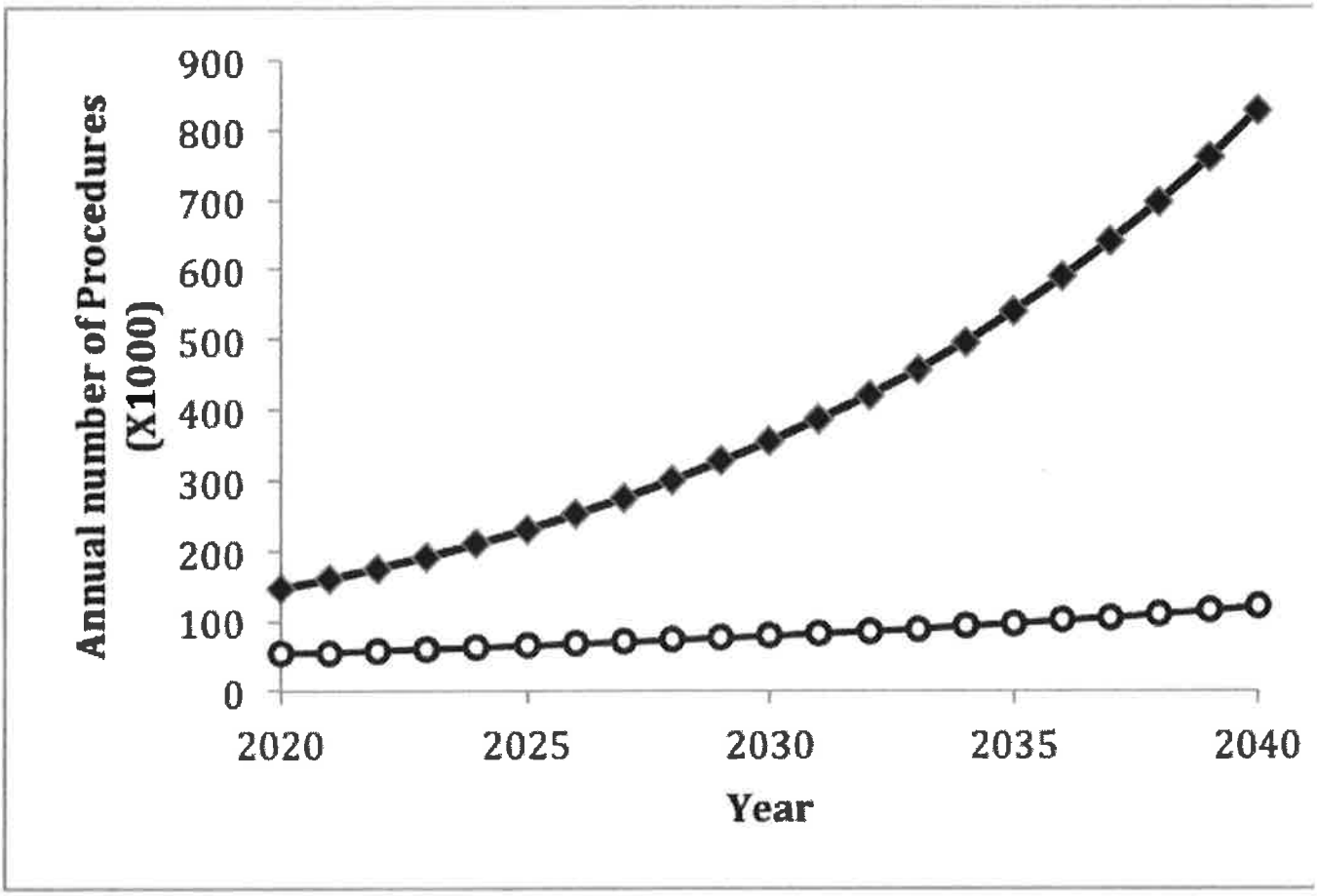
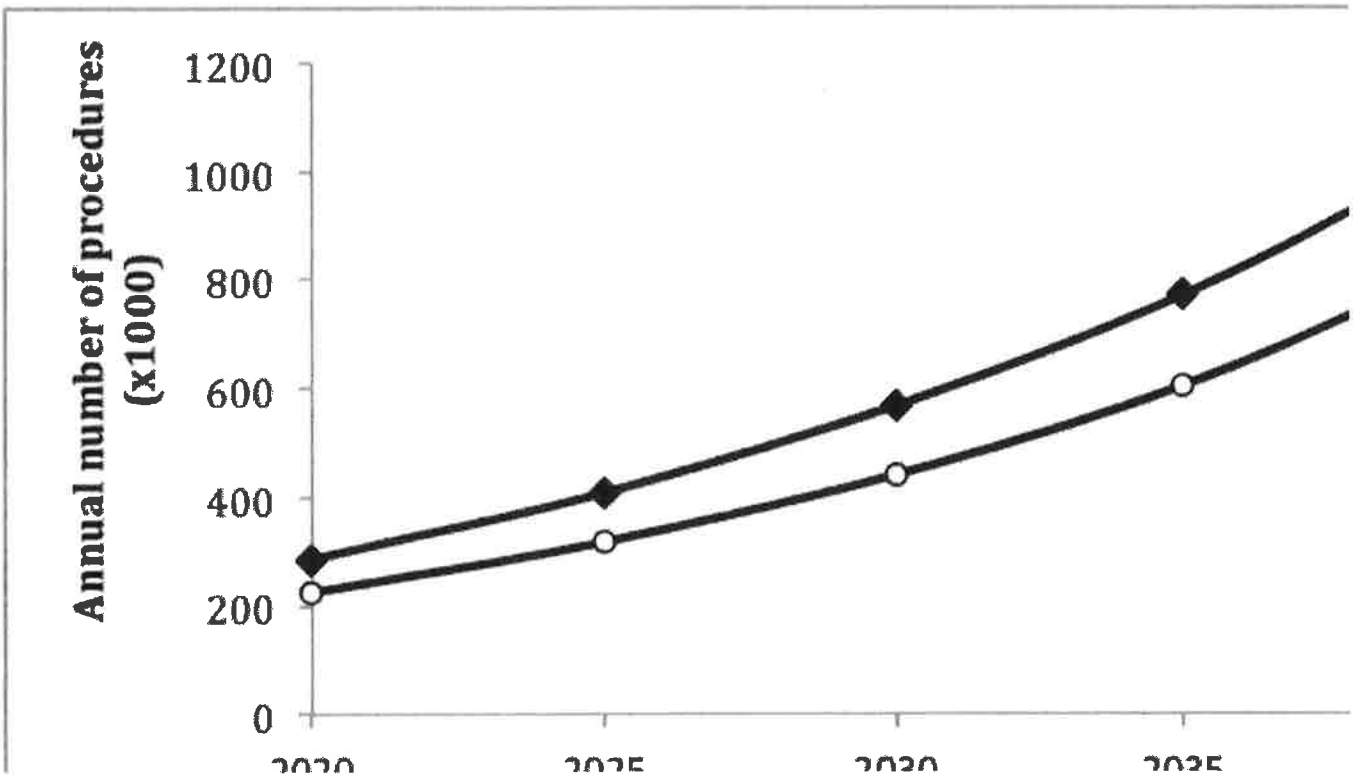


Figure 3. The projected annual total utilization of primary total Knee arthroplasty (TKA) procedures in the United States from 2020 to 2040 by sex



2020 2025 2030 2035

year

Disclosure: J. A. Singh, Takeda and Savient, 2,Savient, Takeda, Regeneron, Merz, Iroko, Bioiberica, Crealta/Horizon and Allergan pharmaceuticals, WebMD, UBM LLC and the American College of Rheumatology., 5,JAS serves as the principal investigator for an investigator-initiated study funded by Horizon pharmaceuticals through a grant to DINORA, Inc., a 501 (c)(3) entity., 9,JAS is a member of the executive of OMERACT, an organization that develops outcome measures in rheumatology and receives arms-length funding from 36 companies., 9,JAS is the editor and the Director of the UAB Cochrane Musculoskeletal Group Satellite Center on Network Meta-analysis., 9,Jas is a member of the American College of Rheumatology's (ACR) Annual Meeting Planning Committee (AMPC); Chair of the ACR Meet-the-Professor, Workshop and Study Group Subcommittee., 9,a member of the Veterans Affairs Rheumatology Field Advisory Committee, 9; **S. Yu**, None.

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Total Knee Replacement Surgery By the Numbers

By 2030, total knee replacement surgeries are projected to grow 673% to 3.5 million procedures per year[1]
Nearly 1/2 of American adults develop knee osteoarthritis in at least one knee of their lifetime[2]
More than 90% of people who have knee replacement surgery experience a dramatic reduction of knee pain[3]
In 2008, 63% of all knee replacement operations were performed on women[4]
80% of osteoarthritis patients have some degree of movement limitation[5]
Job-related knee osteoarthritis costs $3.4 to $13.2 billion per year[6]
On average, knee replacement surgery direct costs = $20,704 but societal savings = $39,697[7]
Knee replacement surgery societal savings:

- 85% from increased earnings
- 15% from fewer work days and lower disability payments[8]

Lifetime societal net benefit for knee replacement patients averaged between $10,000-$30,000[9]
$12 billion in total societal savings over patients' lifetimes from 600,000 knee replacements performed in 2009[10]
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Sources:

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Ruiz D, Koenig L, Dall T, et. al. The Direct and Indirect Costs to Society of Treatment for End-Stage Knee Osteoarthritis. J Bone Joint Surg Am., 2013; 95: 1473-80.

Ruiz D, Koenig L, Dall T, et. al. The Direct and Indirect Costs to Society of Treatment for End-Stage Knee Osteoarthritis. J Bone Joint Surg Am., 2013; 95: 1473-80.

Ruiz D, Koenig L, Dall T, et. al. The Direct and Indirect Costs to Society of Treatment for End-Stage Knee Osteoarthritis. J Bone Joint Surg Am., 2013; 95: 1473-80.

4

Fast Facts

Half the patients now receiving knee replacements are younger than 65 years of age, and most of them are in the workforce.
Study found lifetime societal savings of about $12 billion from the more than 600,000 total knee replacement surgeries performed each year in the U.S.
Demand for total knee replacement surgery is expected to exceed 3 million by the year 2030, which could total $60 billion in lifetime societal savings from patients receiving the treatment that year alone.
The full results of the study are available in the August 21 issue of the *Journal of Bone and Joint Surgery.*

Read the full study here.

Click here to watch one patient's experience with total knee replacement.

Subject: RE: revised draft 2 of application--first of two emails
Date: Tuesday, December 12, 2017 at 12:37:28 PM Central Standard Time
From: Hernandez, George
To: John Wellborn, Phillips, Brant
CC: Thompson, Patti, Shumate, Daniel H., Armistead, Cindy

Projections of primary and revision hip and knee arthroplasty in the United States from 2005 to 2030.

Kurtz S[1], Ong K, Lau E, Mowat F, Halpern M.
Author information

Abstract

BACKGROUND:

Over the past decade, there has been an increase in the number of revision total hip and knee arthroplasties performed in the United States. The purpose of this study was to formulate projections for the number of primary and revision total hip and knee arthroplasties that will be performed in the United States through 2030.

METHODS:

The Nationwide Inpatient Sample (1990 to 2003) was used in conjunction with United States Census Bureau data to quantify primary and revision arthroplasty rates as a function of age, gender, race and/or ethnicity, and census region. Projections were performed with use of Poisson regression on historical procedure rates in combination with population projections from 2005 to 2030.

RESULTS:

By 2030, the demand for primary total hip arthroplasties is estimated to grow by 174% to 572,000. The demand for primary total knee arthroplasties is projected to grow by 673% to 3.48 million procedures. The demand for hip revision procedures is projected to double by the year 2026, while the demand for knee revisions is expected to double by 2015. Although hip revisions are currently more frequently performed than knee revisions, the demand for knee revisions is expected to surpass the demand for hip revisions after 2007. Overall, total hip and total knee revisions are projected to grow by 137% and 601%, respectively, between 2005 and 2030.

CONCLUSIONS:

These large projected increases in demand for total hip and knee arthroplasties provide a quantitative basis for future policy decisions related to the numbers of orthopaedic surgeons needed to perform these procedures and the deployment of appropriate resources to serve this need.

PMID:

17403800

Subject: RE: revised draft 2 of application--first of two emails
Date: Tuesday, December 12, 2017 at 12:34:31 PM Central Standard Time
From: Hernandez, George
To: John Wellborn, Phillips, Brant
CC: Thompson, Patti, Shumate, Daniel H., Armistead, Cindy

Total joint arthroplasty poised to see incredible growth in the coming decades

Douglas W. Jackson, MD, asks Steven M. Kurtz, PhD, and Kevin L. Ong, PhD, four questions about the projected rise in demand for joint arthroplasty.

Orthopedics Today, August 2007

Douglas W. Jackson, MD

Projections on future joint arthroplasty demands have not been accurate in the past because many factors may be unseen at the time a prediction is made. For example, the advent and impact of arthroscopic surgery led to a significant increase in the number of surgeries performed by orthopedic surgeons over what that was anticipated.

SEE ALSO

New primary care delivery approaches could reduce projected...

Substantial physician shortage expected over next decade

New report finds risk of optometrist shortage

This month's *4-Questions* takes on the anticipated increase in joint arthroplasty procedures over the next 25 years. To provide us with data and special insight, I turned to Steven M. Kurtz, PhD, and Kevin L. Ong, PhD, to answer specific questions related to this projected increase in demand for orthopedic surgeons doing joint arthroplasty.

Douglas W. Jackson, MD: What is the projected demand for primary and revision total hip and knee replacement in the United States by 2030?

Steven M. Kurtz, PhD, and Kevin L. Ong, PhD: By 2030, the demand for primary total hip arthroplasty (THA) is estimated to grow annually from 209,000 to 572,000 and the demand for primary total knee arthroplasty (TKA) is projected to

grow from 450,000 to 3.48 million procedures.

Total hip revisions are projected to grow from 40,800 in 2005 to 96,700 in 2030.

Total knee revisions are projected to grow from 38,300 in 2005 to 268,200 in 2030.

Jackson: What percentages of growth does this represent from the current level?

Kurtz and Ong: The projected demand change for primary THA is an increase of 174% and the demand for primary TKA is a 673% increase by the year 2030. The rise in total hip revision procedures will be a 137% increase by that time.

If the trends that have been observed from 1990-2003 are to continue, TKA revisions are projected to grow by 601%. The demand for hip revision procedures is projected to double by the year 2026, while the demand for knee revisions is expected to double by 2015.

From: John Wellborn [mailto:jwdsg@comcast.net]
Sent: Tuesday, December 12, 2017 11:53 AM
To: Hernandez, George; Phillips, Brant
Cc: Thompson, Patti; Shumate, Daniel H.; Armistead, Cindy
Subject: Re: revised draft 2 of application--first of two emails

It is important to know before fling who owns the MT license now: the PC or the CCSC LLC

John Wellborn
Development Support Group
4219 Hillsboro Road, Suite 210
Nashville, TN 37215
615-665-2022 office
615-438-6709 mobile

From: George Hernandez <ghernandez@campbellclinic.com>
Date: Tuesday, December 12, 2017 at 11:34 AM
To: Brant Phillips <bphillips@bassberry.com>, John Wellborn <jwdsg@comcast.net>
Cc: "Thompson, Patti" <pthompson@campbellclinic.com>, "Shumate, Daniel H." <dshumate@campbellclinic.com>, "Armistead, Cindy" <carmistead@campbellsurg.com>
Subject: RE: revised draft 2 of application--first of two emails

If this is an issue that must be resolved prior to filing, then we need Cindy Reisz and/or Buddy McDaniel to clarify. However, I'm not certain how critical the question is being asked relative to the current CON

TennCare Enrollment Report for October 2017

MCO	REGION	Total
AMERIGROUP COMMUNITY CARE		401,697
BLUECARE	East Tennessee	211,441
BLUECARE	Middle Tennessee	165,152
BLUECARE	West Tennessee	148,170
UnitedHealthcare Community Plan	East Tennessee	155,075
UnitedHealthcare Community Plan	Middle Tennessee	168,268
UnitedHealthcare Community Plan	West Tennessee	128,203
TENNCARE SELECT HIGH	All	51,962
TENNCARE SELECT LOW	All	16,608
PACE		208
Awaiting MCO assignment		26
Grand Total		1,446,810

	Female					Male					
COUNTY	0 - 18	19 - 20	21 - 64	65 ->	Female Total	0 - 18	19 - 20	21 - 64	65 ->	Male Total	Grand Total
ANDERSON	4,111	312	4,273	613	9,309	4,345	261	2,028	272	6,906	16,215
BEDFORD	3,799	228	3,005	250	7,282	3,900	190	1,213	114	5,417	12,699
BENTON	986	82	1,160	140	2,368	1,040	72	543	74	1,729	4,097
BLEDSOE	707	67	776	122	1,672	851	59	424	65	1,399	3,071
BLOUNT	5,945	485	5,902	682	13,014	6,124	338	2,614	305	9,381	22,395
BRADLEY	5,913	450	5,932	650	12,945	6,226	346	2,505	308	9,385	22,330
CAMPBELL	2,837	214	3,518	671	7,240	3,060	189	1,899	371	5,519	12,759
CANNON	797	61	868	132	1,858	823	61	394	52	1,330	3,188
CARROLL	1,803	170	2,114	299	4,386	1,999	122	1,067	129	3,317	7,703
CARTER	3,099	238	3,541	665	7,543	3,313	216	1,769	284	5,582	13,125
CHEATHAM	1,906	164	1,893	161	4,124	2,041	153	805	89	3,088	7,212
CHESTER	1,032	99	1,029	146	2,306	1,036	70	419	78	1,603	3,909
CLAIBORNE	2,037	183	2,397	544	5,161	2,104	160	1,420	247	3,931	9,092
CLAY	506	28	523	124	1,181	547	31	326	53	957	2,138
COCKE	2,661	243	3,114	446	6,464	2,836	183	1,616	244	4,879	11,343
COFFEE	3,687	270	3,618	405	7,980	3,786	186	1,553	169	5,694	13,674
CROCKETT	1,031	66	940	187	2,224	1,013	67	409	73	1,562	3,786
CUMBERLAND	3,257	239	3,327	496	7,319	3,437	199	1,529	239	5,404	12,723
DAVIDSON	41,327	2,477	33,511	3,341	80,656	42,452	2,091	14,341	1,864	60,748	141,404
DECATUR	677	50	769	168	1,664	768	30	402	59	1,259	2,923
DEKALB	1,307	95	1,315	188	2,905	1,450	76	680	103	2,309	5,214
DICKSON	2,849	239	2,940	304	6,332	3,115	180	1,217	143	4,655	10,987
DYER	2,682	196	2,898	390	6,166	2,864	172	1,197	150	4,383	10,549
FAYETTE	1,793	134	1,849	278	4,054	1,881	121	730	149	2,881	6,935
FENTRESS	1,363	113	1,498	350	3,324	1,442	103	939	194	2,678	6,002
FRANKLIN	1,953	188	2,133	266	4,540	2,150	128	982	127	3,387	7,927
GIBSON	3,237	240	3,426	569	7,472	3,453	193	1,503	234	5,383	12,855
GILES	1,693	126	1,761	226	3,806	1,647	109	750	129	2,635	6,441
GRAINGER	1,441	136	1,551	304	3,432	1,498	89	826	164	2,577	6,009
GREENE	3,707	507	4,250	723	8,987	3,939	257	2,062	374	6,632	15,619
GRUNDY	1,001	105	1,214	217	2,537	1,141	83	683	104	2,011	4,548

	Female					Male					
COUNTY	0 - 18	19 - 20	21 - 64	65 ->	Female Total	0 - 18	19 - 20	21 - 64	65 ->	Male Total	Grand Total
HAMBLEN	4,741	316	3,846	513	9,416	4,856	264	1,746	218	7,084	16,500
HAMILTON	17,802	1,239	17,252	2,314	38,607	18,604	1,007	7,098	1,023	27,732	66,339
HANCOCK	526	39	610	152	1,327	555	33	340	69	997	2,324
HARDEMAN	1,721	130	1,908	308	4,067	1,699	119	875	144	2,837	6,904
HARDIN	1,691	134	1,984	381	4,190	1,809	106	964	198	3,071	7,261
HAWKINS	3,301	282	3,597	561	7,741	3,407	236	1,858	270	5,771	13,512
HAYWOOD	1,349	111	1,567	246	3,273	1,482	111	552	99	2,244	5,517
HENDERSON	1,749	138	1,981	254	4,122	1,939	108	908	104	3,059	7,181
HENRY	1,974	136	2,098	293	4,501	2,064	136	998	109	3,307	7,808
HICKMAN	1,501	139	1,587	175	3,402	1,626	124	797	100	2,647	6,049
HOUSTON	464	34	538	106	1,142	481	24	260	66	831	1,973
HUMPHREYS	1,100	82	1,251	132	2,565	1,189	67	561	68	1,885	4,450
JACKSON	691	49	762	121	1,623	736	58	415	81	1,290	2,913
JEFFERSON	3,194	278	3,175	500	7,147	3,334	210	1,590	204	5,338	12,485
JOHNSON	1,001	96	1,113	236	2,446	1,061	61	689	133	1,944	4,390
KNOX	20,283	1,384	20,418	2,528	44,613	21,188	1,263	9,102	1,220	32,773	77,386
LAKE	456	35	581	160	1,232	534	39	288	76	937	2,169
LAUDERDALE	1,952	168	2,150	271	4,541	2,050	141	917	90	3,198	7,739
LAWRENCE	2,739	196	2,876	396	6,207	2,885	167	1,335	154	4,541	10,748
LEWIS	755	56	790	119	1,720	774	46	367	49	1,236	2,956
LINCOLN	1,966	162	1,982	264	4,374	2,113	134	860	102	3,209	7,583
LOUDON	2,554	186	2,263	279	5,282	2,705	125	1,048	126	4,004	9,286
MACON	1,848	121	1,687	214	3,870	1,983	120	781	100	2,984	6,854
MADISON	6,528	455	6,578	799	14,360	6,668	376	2,523	380	9,947	24,307
MARION	1,762	144	1,932	231	4,069	1,790	132	859	116	2,897	6,966
MARSHALL	1,858	154	1,818	170	4,000	1,984	94	726	72	2,876	6,876
MAURY	5,087	381	4,831	509	10,808	5,410	287	1,860	194	7,751	18,559
MCMINN	3,177	248	3,371	478	7,274	3,443	189	1,555	230	5,417	12,691
MCNAIRY	1,709	153	1,989	336	4,187	1,800	116	1,007	181	3,104	7,291
MEIGS	809	78	870	75	1,832	834	52	441	44	1,371	3,203
MONROE	2,875	251	2,970	469	6,565	3,092	169	1,495	246	5,002	11,567
MONTGOMERY	10,300	643	10,073	715	21,731	10,625	491	3,426	276	14,818	36,549
MOORE	202	17	189	39	447	256	12	96	14	378	825
MORGAN	1,175	108	1,197	188	2,668	1,215	86	594	88	1,983	4,651
OBION	2,010	159	2,221	288	4,678	2,073	125	947	122	3,267	7,945
OVERTON	1,187	105	1,301	277	2,870	1,322	94	732	138	2,286	5,156
PERRY	527	45	497	97	1,166	547	43	279	37	906	2,072
PICKETT	238	11	283	64	596	265	19	159	44	487	1,083
POLK	982	96	1,116	161	2,355	1,003	68	572	86	1,729	4,084
PUTNAM	4,368	353	4,487	717	9,925	4,611	225	2,318	300	7,454	17,379
RHEA	2,415	169	2,317	324	5,225	2,434	151	1,067	151	3,803	9,028
ROANE	2,696	220	3,137	469	6,522	3,014	181	1,621	242	5,058	11,580
ROBERTSON	3,916	269	3,297	349	7,831	4,004	237	1,292	151	5,684	13,515
RUTHERFORD	14,971	983	12,915	1,002	29,871	15,647	731	4,582	480	21,440	51,311
SCOTT	1,872	162	1,997	369	4,400	1,928	131	1,082	169	3,310	7,710
SEQUATCHIE	956	83	1,031	137	2,207	962	77	498	54	1,591	3,798
SEVIER	5,764	412	5,286	473	11,935	6,149	320	2,262	183	8,914	20,849

	Female					Male					
COUNTY	**0 - 18**	**19 - 20**	**21 - 64**	**65 -->**	**Female Total**	**0 - 18**	**19 - 20**	**21 - 64**	**65 -->**	**Male Total**	**Grand Total**
SHELBY	72,017	5,147	63,829	6,657	147,650	74,377	4,362	22,456	2,270	103,465	**251,115**
SMITH	1,105	84	1,151	177	2,517	1,199	60	490	69	1,818	**4,335**
STEWART	767	55	836	119	1,777	797	51	409	58	1,315	**3,092**
SULLIVAN	8,372	640	9,317	1,264	19,593	8,708	531	4,581	566	14,386	**33,979**
SUMNER	7,978	610	7,524	766	16,878	8,479	465	2,866	302	12,112	**28,990**
TIPTON	3,593	288	3,472	382	7,735	3,711	267	1,370	133	5,481	**13,216**
TROUSDALE	542	41	546	71	1,200	562	30	239	39	870	**2,070**
UNICOI	945	87	1,109	232	2,373	1,036	81	523	120	1,760	**4,133**
UNION	1,391	107	1,338	155	2,991	1,324	104	719	84	2,231	**5,222**
VAN BUREN	330	18	361	59	768	355	18	186	45	604	**1,372**
WARREN	2,971	236	2,876	428	6,511	3,047	169	1,396	196	4,808	**11,319**
WASHINGTON	6,075	431	6,620	943	14,069	6,319	399	3,234	437	10,389	**24,458**
WAYNE	801	60	874	156	1,891	853	52	434	75	1,414	**3,305**
WEAKLEY	1,794	139	1,964	278	4,175	1,860	120	896	115	2,991	**7,166**
WHITE	1,780	135	1,884	292	4,091	1,921	91	991	124	3,127	**7,218**
WILLIAMSON	3,546	261	2,897	362	7,066	3,722	247	1,286	139	5,394	**12,460**
WILSON	5,366	391	4,986	476	11,219	5,612	318	1,928	204	8,062	**19,281**
Other	4,356	375	4,658	128	9,517	4,494	251	1,542	79	6,366	**15,883**
Grand Total	387,615	28,320	375,006	46,261	837,202	404,803	23,256	160,733	20,816	609,608	**1,446,810**

Reports include some membership additions that are the result of retroactivity; however, additional retroactivity may still occur. The "Other" county category reflects recipients who are Tennessee residents for which their domicile is temporarily located outside of the state.

DEC 14 '17 AM 11:33

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

January 3, 2018

John Wellborn, Consultant
Development Support Group
4219 Hillsboro Road, Suite 210
Nashville, TN 37215

RE: Certificate of Need Application – Campbell Clinic Surgery Center - CN1712-038
The relocation of Campbell Clinic Surgery Center currently located at 1410 Brierbrook Road, Germantown (Shelby County), TN to a new facility to be located at an unaddressed site on the south side of Wolf River Boulevard, 525 feet east of its intersection with Germantown Road, Germantown (Shelby County), TN. If approved, this application will replace the applicant's unimplemented CON (CN1208-040A) which was approved to expand the present facility at its current location from 4 operating rooms and 1 procedure room to 8 operating rooms and 2 procedure rooms. The applicant is owned by Campbell Clinic Surgery Center, LLC. The estimated project cost is $21,485,200.

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 30-day review cycle for **CONSENT CALENDAR** for this project will begin on January 3, 2018. The first thirty (30) 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 thirty (30)-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 February 28, 2018.

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):

(3) 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.

(4) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA

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

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill
Executive Director

DATE: January 3, 2018

RE: Certificate of Need Application
Campbell Clinic Surgery Center - CN1712-038
CONSENT CALENDAR

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 CONSENT CALENDAR thirty (30) day review period to begin on January 3, 2018 and end on February 1, 2018.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: John Wellborn

DEC 8 '17 AM 10:48

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before December 10, 2017, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Campbell Clinic Surgery Center (an ambulatory surgical treatment center), owned and managed by Campbell Clinic Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to replace its facility currently located at 1410 Brierbrook Road, Germantown, TN 38138, with a new facility in leased space at an unaddressed site on the south side of Wolf River Boulevard, 525 feet east of its intersection with Germantown Road. The project cost is estimated at $21,486,000.

The project is to replace the applicant's unimplemented CN1208-040A, which was granted to expand the present facility at its current location, from 4 operating rooms and 1 procedure room, to 8 operating rooms and 2 procedure rooms. This replacement project will site the approved surgical capacity at a new location on an adjoining lot that fronts Wolf River Boulevard. The project does not include major medical equipment, additional health services, changes in scope of service, or changes in ownership.

The facility is licensed by the Board for Licensing Health Care Facilities as an ambulatory surgical treatment center. Its services are limited to orthopedics and pain management.

The anticipated date of filing the application is on or before December 15, 2017. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

John L Wellborn	12-7-17	jwdsg@comcast.net
(Signature)	(Date)	(E-mail Address)

Supplemental #A1

Campbell Clinic Surgery Center

CN1712-038

DSG Development Support Group

Supplemental #A1
December 27, 2017
4:13 PM

December 22, 2017

Phillip M. Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1712-038
Campbell Clinic Surgery Center

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. **Section A, Executive Summary, Item 3.A. Page 3**
   Table Section A-3A (1) on the bottom of page 3 is noted. Please define Class C operating rooms and Class A procedure rooms.

   This refers to Tennessee requirements based on 2010 AIA standards. Class A surgical rooms have a minimum area of 150 SF; Class B have a minimum area of 250 SF; Class C have a minimum of 400 SF. The surgical rooms designated as "procedure rooms" in the application and floor plans are 243 SF. The larger orthopedic surgical rooms in this project are Class C, 544-633 SF in size. There are numerous other highly technical definitions and characteristics of these classes of rooms, relating to clinical processes allowable in each (levels of anesthesia, etc), but the room sizes were what the applicant was referencing in the table.

2. **Section A, Executive Summary, Item 3.A. (2) Page 4**

   a. **Please provide a brief overview of the Campbell Clinic, P.C.**

   Campbell Clinic has been a State, national and international leader in orthopaedics since 1910. The Clinic established both the Department of Orthopaedic Surgery and the Orthopaedic Residency program at UT College of Medicine at Memphis, and all Campbell Clinic surgeons hold faculty appointments in the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery and work closely with UT research programs.

4219 Hillsboro Road, Suite 203
Nashville, TN 37215
jwdsg@comcast.net
Tel 615.665.2022
Fax 615.665.2042

Campbell Clinic currently has 47 physicians. The Clinic maintains physician offices across the Memphis metropolitan area, including Germantown, Collierville, Cordova, Memphis (Medical Center or Midtown), and Southaven, MS. In addition, the physicians from Campbell Clinic maintain medical staff privileges at multiple hospitals, including those located from Collierville, to Germantown, to East Memphis, to the Medical Center of Memphis. As a result, the physicians are physically spread across the metropolitan geographic area.

b. It appears the Campbell Clinic has increased physician ownership from 42 physicians in 2010 to 47 physicians in 2017. Is there a plan to add additional physicians? If so, how will the new site handle additional surgeries from those physicians?

Campbell Clinic has developed a comprehensive strategic plan, and annually updates it's physician manpower projections, a key element of this plan. The most recent projection provides for continued recruitment over the next 5 + year timeframe. A portion of the new physician manpower plan is related to replacement of existing clinic physicians who are approaching normal retirement age. The clinic typically brings a new physician on board one to two years prior to retirement of an outgoing physician, depending on the applicant pool and availability. Other elements of the manpower projections look at other (non-Campbell Clinic) orthopedic surgeons in the Memphis metro area, and their respective ages and potential for retirement. It is not unusual for a "new to the area" orthopedic surgeon to join Campbell Clinic.

The majority of the recruitment of additional physicians is based on a subspecialty-by-subspecialty analysis of the industry trends and volume projections for orthopedic surgery procedures. These estimates, coupled with the demographic and market share growth, guide the formulation of the Campbell Clinic's manpower projections, and subsequent recruitment strategy. For example, over the next 5-year timeframe, the clinic has plans to recruit between ten (10) and twelve (12) new physicians, which include a complement covering six (6) different subspecialties. The majority of these new physicians will likely be shareholder track positions, and accordingly, the ownership number is expected to increase, in a similar pattern to what occurred over the 2010 to 2017 time period. A substantial increase is anticipated over and above the number of retiring physicians.

Since the Campbell Clinic offers one of the most well-respected orthopedic surgery residency programs in the country, there is always a complement of strong prospective candidates for employment with the clinic, following completion of the physician's respective residency, and generally fellowship training. Oftentimes, current residents are recruited and sign employment agreements with the Campbell Clinic during the course of their residency, to be effective following residency program graduation and completion of fellowship. Two (2) of the three orthopedic surgeons who began employment during 2017 fell in this category – they were hired during their residency program at Campbell Clinic, completed their orthopedic surgery residency, enrolled in a subspecialty fellowship program – and began employment with the clinic after completion of fellowship. The third orthopedic surgeon hired during 2017 was not a Campbell Clinic orthopedic surgery resident, but was a pediatric orthopedic fellow at the Campbell Clinic, and began employment immediately following completion of fellowship.

The ASC surgical cases resulting from additional physicians will be accommodated at the two (2) ASCs which Campbell Clinic owns and operates, one located in Germantown (this application) and one located in Midtown (Medical Center District) Memphis. Projections of annual caseload increases in the application took into account new cases that additional physicians would bring to the surgery center.

3. Section A, Executive Summary, Item 3.B (g). Rationale for Approval Page 7.

a. The applicant mentions Mid-town Surgery Center as a source of cases in the future. However, please clarify if the name of Mid-town Surgery Center is listed as Campbell Clinic Surgery Center Mid-town in the 2016 Joint Annual report. Also please clarify if Campbell Clinic Surgery Center Mid-town has the same ownership as the applicant.

Yes, the formal name for Midtown Surgery Center is Campbell Clinic Surgery Center.

Yes, the ownership of Campbell Clinic Surgery Center-Midtown is the same as that of the applicant.

b. What is the distance from Mid-town Surgery Center to the proposed ASTC site?

Google Maps lists a driving distance of 13.9 miles via Walnut Grove Road, and 19.7 miles via I-40 and I-240.

c. How much of a factor is distance for the applicant in capturing future surgical cases from Mid-town Surgery Center?

The surgeons and pain management providers based at the Germantown office location will save approximately 1 hour per day in drive time by being able to perform their cases at the Germantown location.

As noted in the application, Campbell Clinic maintains physician offices across the Memphis metropolitan area, including Germantown, Collierville, Cordova, Memphis (Medical Center or Midtown), and Southaven, MS. In addition, the physicians from Campbell Clinic maintain medical staff privileges at multiple hospitals, including those located from Collierville, to Germantown, to East Memphis, to the Medical Center of Memphis. As a result, the physicians are physically spread across the metropolitan geographic area, and therefore distance for capturing cases at /of Campbell Clinic Surgery Center – Midtown is somewhat a function of specific staffing patterns, and the location of the respective physicians "home office" and/or primary hospital facility.

Currently, office space at Germantown is at a premium, so some physicians are based or scheduled at other offices, but will likely be reassigned a "home office" at Germantown once the new MOB is completed.

Accordingly, our projections incorporate volume projections reflecting this factor, but it is also anticipated that over the course of additional time, the utilization at of Campbell Clinic Surgery Center – Midtown will also increase, particularly in view of the projected physician manpower delineated in the response to Supplemental Question #2 above.

4. Section A, Applicant Profile, Item 12. Square Footage and Cost per Square Footage Chart, Page 17

a. Please clarify how the applicant derived at 32,000 SF in the Square Footage and Cost per Square Footage Chart when the lease lists the facility as 34,560 SF.

The facility will renovate and occupy 32,000 SF of building space on the fourth and first floors. The lease, like most leases, grosses this up by a small percentage to 34,560 SF of "rentable" square feet, which reflects the use of common areas (parking, corridors, elevators) that are not within the applicant's own premises. The factor used in this case was 8% of occupied space.

The Cost Per Square Footage Chart pertains only to the area occupied by the applicant, i.e, 32,000 "usable" square feet. That is the only part of the building directly attributable to the project.

b. Please clarify how the applicant calculated a total cost of $13,940,000 in the Square Footage and Cost per Square Footage Chart.

The chart reflects the total construction cost for the project. The applicant added together (a) the estimated cost of constructing its portion of the shell building, and (b) the estimated cost of finishing out its portion of the shell building.

Specifically: The project occupies one of four floors of the building. The developer's construction cost for the shell building is going to be $18,000,000 (120,000 SF @ $150 PSF for shell stage of completion). One-fourth of that (i.e., one of four floors) is $4,500,000. The applicant added to this the $9,440,000 cost of build-out of 32,000 SF at $295 PSF, for the ASC space. These totaled $13,940,000.

5. **Section C, Need, Page 23**

   It is noted in Table B the utilization of the applicant's 8 ORs will exceed the utilization % of available minutes by 14.7%. Please clarify if the applicant has space available in the proposed new ASTC facility to add additional ORs if needed.

   The first thing to note is that this percentage reflects available O.R. time in a standard 40-hour workweek. The applicant could extend the surgical schedule beyond the normal workday for some operating rooms.

   Another option in the future may be to convert procedure rooms. The two (2) procedure rooms in the proposed ASC will be located adjacent to each other, and if there were a change in the industry and payors such that pain management procedures were no longer permitted, or reimbursed for, in the ATSC setting, these two procedure rooms could be combined and merged into one (1) additional operating room. This would be subject to CON and any other regulatory or licensure requirements and approvals applicable at that time.

   Finally, to avoid extending the surgical schedule at Germantown, the applicant has the option of scheduling increased caseloads at its Midtown facility, which will have more available capacity than at Germantown, based on present projection scenarios.

6. **Section B, Need Item F, Page 34**

   a. Please provide surgical case projections by specialty using the table below:

Specialty	# of Surgeons	Year 1 OR Cases	Year 2 OR Cases
Orthopedic	45	5,144	5.453
Pain Management	5	4,998	5,198
Total	**50**	**10,142**	**10,651**

   b. Are there future plans to expand into other specialties?

   There are no plans to expand into other specialties other than those currently provided at Campbell Clinic.

7. Section B, Economic Feasibility, Item A. Project Costs Chart, Pages 39 and 40

a. The calculation of the filing fee is incorrect (used $15.75/$1,000 project cost rather than $5.75/$1,000). Please correct and submit a replacement page 39.

b. The Project Cost Chart is noted. However, please clarify line B.3 which notes "FMV of unimproved land 5.0 acres?"

Following this page is a revised page 39R correcting the typographical error. Also attached following that is a revised Project Cost Chart, page 40R, with the referenced note removed (it was an artifact from an earlier version of the chart).

8. Section B, Economic Feasibility, Item C. (Historical Data Chart) Page 27

a. The Historical Data Chart shows no Provision for Charity Care. Please explain.

The applicant's surgeons serve charity patients at area hospitals. In Shelby County (as in other multi-hospital counties), it is not the norm for surgery centers to undertake to provide significant charity care. Reimbursement for surgical cases has long been much higher for hospitals than for surgery centers, in part because there is a community expectation that hospitals provide needed charity care.

Multispecialty Ambulatory Surgery Centers in Shelby County	2016 Gross Revenues	2016 Reported Charity Care	2016 Charity Percent of Gross Revenues
Baptist Germantown Surgery Center	$18,990,762	$73,822	0.4%
East Memphis Surgery Center	$28,707,854	$0	0.0%
LeBonheur East Surgery Center II	$10,455,281	$0	0.0%
Memphis Surgery Center	$15,141,096	$0	0.0%
Methodist Surgery Center	$28,670,508	$0	0.0%
North Surgery Center	$16,789,584	$0	0.0%
Surgery Center at St. Francis	$43,451,900	$76,969	0.2%
Campbell Clinic Surgery Center Germantown	$51,904,252	$0	0.0%
Campbell Clinic Surgery Center Midtown	$27,770,530	$0	0.0%

• Line B.1 is the "fair market value" of the leased space for the relocated CCSC. For a leased premises, HSDA rules require that the applicant make two alternative calculations, and use the higher of the two in line B.1. The two alternative methods are the Lease Outlay method (total lease payments over the first term of the lease) and the Space Value method (estimated value of the space being leased, according to an appraisal or the actual cost of its development). Both calculations are shown below. Alternative A, the Lease Outlay method resulted in the greater cost and was used in Line B.1 of the Project Cost Chart, as required by HSDA rules.

Alternative A: Lease Outlay Method:

The lease will be for $42 per rentable square foot ("RSF"), with no escalator, for an initial term of 10 years. There will be 32,000 usable SF in the project (30,000 on the fourth floor and 2,000 mechanical/electrical space on the ground floor). To allow for common area use, this was grossed up by 8% to 34,560 rentable square feet (RSF), which is used in the lease option. Lease outlay the first term will therefore be 34,560 RSF X $42 PRSF X 10 years = ***$14,515,200****.*

Alternative B: Space Value Method:

The applicant is leasing 32,000 SF, approximately 26.7%, of the 120,000 SF MOB space. Therefore 26.7% of the developer's costs for (a) constructing the shell building and (b) finishing the applicant's space, are attributable to this project. The developer will incur a total of $38,245,354 for developing a shell building and finishing the space leased to the Surgery Center. Its value under CON rules is therefore $38,245,354 X 26.7% = ***$10,211,510****.*

• Line E contains the required State review fee due with the filing of this application. The calculation is $21,390,200 applicant's cost / 1,000 X $5.75 = $122,994; but the maximum statutory fee is $95,000, which is entered in Line E.

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

The Square Footage Chart has been provided. The architect's letter documenting that Chart's construction cost is provided in the Attachments. The Total Construction Cost on line 5 of the Project Cost Chart differs from that of the Square Footage Chart because the applicant is leasing finished building space and not incurring any construction cost. The applicant's lease payments are calculated to reimburse the building developer for the developer's own construction costs, which are shown on the second following page.

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PROJECT COST CHART-- CAMPBELL CLINIC SURGERY CENTER

A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	$ 0
2.	Legal, Administrative, Consultant Fees (Excl CON Filing Fee)	75,000
3.	Acquisition of Site	0
4.	Preparation of Site	0
5.	Total Construction Cost	0
6.	Contingency Fund	0
7.	Fixed Equipment (Not included in Construction Contract)	3,700,000
8.	Moveable Equipment (List all equipment over $50,000 as separate attachment)	3,000,000
9.	Other (Specify) _____	100,000

B. Acquisition by gift, donation, or lease:

1.	Facility (inclusive of building and land)	14,515,200
2.	Building only	0
3.	Land only	0
4.	Equipment (Specify) _____	0
5.	Other (Specify) _____	0

C. Financing Costs and Fees:

1.	Interim Financing	0
2.	Underwriting Costs	0
3.	Reserve for One Year's Debt Service	0
4.	Other (Specify) _____	0

D. Estimated Project Cost (A+B+C) 21,390,200

E. CON Filing Fee 95,000

F. Total Estimated Project Cost (D+E) **TOTAL $** 21,485,200

Actual Capital Cost 6,970,000
Section B FMV 14,515,200

b. It is noted the 2016 Joint Annual Report for the applicant reflected $734 in Bad Debt. Please clarify the reason no provision for bad debt was included in the Historical Data Chart.

Attached following this page is a revised Historic Data Chart, page 44R. consistent with the 2015 and 2016 Joint Annual Reports.

9. Section B. Economic Feasibility Item D (Projected Data Chart) Page 47

a. The Projected Data Chart shows no Provision for Charity Care or Provision for Bad Debt. Please explain.

Please see the response to question 8a above, with respect to why charity care is not projected.

The bad debt should have been shown in the Projected Data Chart. Attached following this page is a revised chart, page 47R, showing this in the same percentage of gross revenues that has been historically experienced on average, i.e., .0015% of gross charges.

b. Please clarify the rent expense in line 4.b.in the Projected Data Chart paid to non-affiliates in Year One and Two.

Part of the rent expense is for four storage units in Cordova, Tennessee. The remainder is from equipment leases of arthroscopy equipment, which the applicant's auditors have classified as rent. Increases are projected in that amount as the number of new operating rooms come into service at the new location.

HISTORICAL DATA CHART --APPLICANT FACILITY NAME

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.

			CY 2015	CY 2016	CY 2017 Ann'd
A.	Utilization Data (Specify unit or measure)	Surgical Cases	7,048	6,867	6,809
B.	Revenue from Services to Patients				
	1. Inpatient Services		$ 0	$ 0	$ 0
	2. Outpatient Services		51,903,658	55,630,604	56,597,223
	3. Emergency Services		0	0	0
	4. Other Operating Revenue (Specify) See notes page		0	0	0
		Gross Operating Revenue	$ 51,903,658	$ 55,630,604	$ 56,597,223
C.	Deductions from Gross Operating Revenue				
	1. Contractual Adjustments		$ 40,889,469	$ 42,883,117	$ 43,009,232
	2. Provision for Charity Care		0	734	849
	3. Provisions for Bad Debt		0	0	0
		Total Deductions	$ 40,889,469	$ 42,883,851	$ 43,010,081
NET OPERATING REVENUE			$ 11,014,189	$ 12,746,753	$ 13,587,142
D.	Operating Expenses				
	1. Salaries and Wages				
	a. Clinical		$ 2,476,002	$ 2,618,464	$ 2,618,654
	b. Non-Clinical		619,001	654,616	654,664
	2. Physicians Salaries and Wages		0	0	0
	3. Supplies	s	3,997,947	4,881,590	5,285,484
	4. Rent				
	a. Paid to Affiliates		387,549	387,549	387,549
	b. Paid to Non-Affiliates		172,573	224,690	214,880
	5. Management Fees				
	a. Paid to Affiliates		0	0	0
	b. Paid to Non-Affiliates		0	0	0
	6. Other Operating Expenses	See notes page.	759,665	811,602	827,515
		Total Operating Expenses	$ 8,412,737	$ 9,578,512	$ 9,988,746
E.	**Earnings Before Interest, Taxes, and Depreciation**		$ 2,601,452	$ 3,168,241	$ 3,598,395
F.	Non-Operating Expenses				
	1. Taxes		$ 308,736	340,255	352,890
	2. Depreciation		175,093	204,970	214,598
	3. Interest		102,021	85,549	78,954
	4. Other Non-Operating Expenses				
		Total Non-Operating Expenses	$ 585,850	$ 630,774	$ 646,442
NET INCOME (LOSS)			$ 2,015,602	$ 2,537,467	$ 2,951,953

Chart Continues Onto Next Page

PROJECTED DATA CHART -- CAMPBELL CLINIC SURGERY CENTER

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.

			CY 2020 (Year One)	CY 2021__ (Year Two)
A.	Utilization Data (Specify unit or measure)	Surgical Cases	10,142	10,651
B.	Revenue from Services to Patients			
	1. Inpatient Services		$	$
	2. Outpatient Services		101,904,284	112,098,274
	3. Emergency Services			
	4. Other Operating Revenue (Specify) See notes page			
		Gross Operating Revenue	$ 101,904,284	$ 112,098,274
C.	Deductions from Gross Operating Revenue			
	1. Contractual Adjustments		$ 76,427,027	$ 84,072,455
	2. Provision for Charity Care		0	0
	3. Provisions for Bad Debt		1,146	1,260
		Total Deductions	$ 76,428,173	$ 84,073,715
NET OPERATING REVENUE			$ 25,476,111	$ 28,024,559
D.	Operating Expenses			
	1. Salaries and Wages			
	a. Clinical		$ 4,718,168	$ 5,190,150
	b. Non-Clinical		1,182,090	1,300,340
	2. Physicians Salaries and Wages			
	3. Supplies		9,517,860	10,469,979
	4. Rent			
	a. Paid to Affiliates		1,451,520	1,451,520
	b. Paid to Non-Affiliates		387,236	425,973
	5. Management Fees			
	a. Paid to Affiliates			
	b. Paid to Non-Affiliates			
	6. Other Operating Expenses	See notes page	1,487,803	1,636,635
		Total Operating Expenses	$ 18,744,677	$ 20,474,597
E.	**Earnings Before Interest, Taxes, and Depreciation**		$ 6,731,434	$ 7,549,962
F.	Non-Operating Expenses			
	1. Taxes		$ 631,807	$ 695,009
	2. Depreciation		750,000	1,339,286
	3. Interest		142,666	156,938
	4. Other Non-Operating Expenses			
		Total Non-Operating Expenses	$ 1,524,473	$ 2,191,233
NET INCOME (LOSS)			$ 5,206,961	$ 5,358,729

Chart Continues Onto Next Page

10. Section B. Economic Feasibility Item F. (1) Page 52

a. Please clarify if the applicant meant to state in the "Projected Data Chart there will be positive cash flow in Year One and Year Two" rather than in the Project Cost Chart.

Yes, that was the intention. Attached after this page is a revised Page 52R correcting that.

b. The provided unaudited financial documents are noted. However, please provide a balance sheet that provides both the current assets and current liabilities.

The second following page begins an income statement and balance sheet for the applicant, for Q1-Q3 2017. This is the most up-to-date available. The list of liabilities are all current except the long-term Note payable at the end of the list. The current liabilities total -$53,372.35.

With current assets at $1,545,500.94, and a negative current liability of -$53,372.35, the applicant has a current ratio of more than 31:1.

c. Please provide copies of Campbell Clinic Surgery Center's balance sheet and income statement from the most recent reporting period and the most recent audited financial statements with accompanying notes, if applicable.

The most recent CCCSC balance sheet and income statement are attached after this page. They are for the first three quarters of CY2017.

Attached at the end of this letter--due to its bulk--are audited financial statements for 2015-2016 for Campbell Clinic Holdings, PC, an umbrella organization that encompasses several organizations, including the Clinic and both Surgery Centers. Separate statements for the Clinic and the Surgery Center can be found within it. The applicant's statements are the document's last two pages, pages 27-28.

6.A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved.

This facility is already exceeding financial breakeven. When moved approximately 100 feet to its new MOB location on adjoining land, it will continue to exceed breakeven. As demonstrated in the Projected Data Chart, there will be positive cash flow in Year One and thereafter.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project.

Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. NOTE: Publicly held entities only need to reference their SEC filings.

See Attachment Section B-Economic Feasibility-6A.

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

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

	2nd Yr Previous to Current Yr	1st Yr Previous to Current Yr	Current Yr	Projected Yr 1	Projected Yr 2
Net Operating Margin Ratio	0.24	0.25	0.26	0.26	0.27

C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100).
For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

Long-term debt	$ 109,721
Equity	$1,861,026
Long-term debt Plus Equity	$1,970,747
Capitalization Ratio	$109,721 / $1,970,747 X 100 = 5.568

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Balance Sheet
As of 9/30/2017

December 27, 2017
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Campbell Clinic Surgery Center LLC (CSC)

Assets					
Current Assets					
1010-000-00	Cash - Checking (FTB)	$	1,489,767.84		
1020-000-00	Cash - Refund (FTB)	$	2,500.00		
1090-000-00	Petty Cash	$	500.00		
1210-000-00	A/R - Patients	$	3,408,898.67		
1250-000-00	A/R Allowance - Cash Basis Adj	$	-2,095,816.42		
1299-000-00	Allowance Doubtful Accts	$	-1,260,349.15		
	Total Current Assets:			$	1,545,500.94
Fixed Assets					
1501-000-00	Plant Prop & Eqpt - Bldg	$	69,670.00		
1510-000-00	Plant Prop & Eqpt - Med Eqpt	$	3,283,521.54		
1511-000-00	Plant Prop & Eqpt - A/D Med Eq	$	-3,016,283.32		
1520-000-00	Plant Prop & Eqpt - Off Eqpt	$	194,175.56		
1521-000-00	Plant Prop & Eqpt - A/D Off Eq	$	-183,504.53		
1525-000-00	Plant Prop & Eqpt - Software	$	46,816.00		
1526-000-00	Plant Prop & Eqpt - A/D Softwr	$	-48,808.78		
1530-000-00	Plant Prop & Eqpt - Off Furn	$	65,835.92		
1531-000-00	Plant Prop & Eqpt - A/D Off Fu	$	-63,324.48		
1540-000-00	Plant Prop & Eqpt - Sx Instru	$	815,317.72		
1541-000-00	Plant Prop & Eqpt - A/D Sx Ins	$	-811,450.93		
1550-000-00	Plant Prop & Eqpt - L/Hold Off	$	130,764.84		
1551-000-00	Plant Prop & Eqpt - A/D L/H Of	$	-110,805.99		
	Total Fixed Assets:			$	371,923.55
	Total Assets:			$	1,917,424.49
Liabilities					
2002-000-00	Accounts Payable Credit Card	$	-62,496.52		
2100-000-00	Payroll Liabilities Payable	$	-0.04		
2105-000-01	Insurance W/H (Dental)	$	2,405.30		
2105-000-03	Insurance W/H (Cancer)	$	18.20		
2105-000-05	Insurance W/H (Life)	$	-52.56		
2105-000-06	Insurance W/H (STD)	$	-84.75		
2105-000-08	Insurance W/H (Vision)	$	-121.88		
2106-000-00	Other Payroll W/H	$	-15.00		
2106-000-01	Other Payroll W/H (ID Shield/Legal)	$	13.42		
2150-000-00	Cafeteria Plan Payable	$	2,121.39		
2151-000-00	Acct Payable - Campbell Clinic	$	138.46		
2191-000-00	Pension Plan Pay - 401k W/H	$	4,751.63		
2250-000-00	Note Payable - Magna Bank MTSC Equip Loan	$	109,720.73	← ONLY L-TERM LIABILITY	
	Total Liabilities:			$	56,398.38
Equity					
3100-000-00	Contributed Capital	$	1,000.00		
3512-000-00	Distribution - Campbell Clinic	$	-38,310,871.55		
3900-000-00	Retained Earnings-Current Year	$	3,982,535.85		
3900-000-00	Retained Earnings	$	36,188,361.81		
	Total Equity:			$	1,861,026.11
	Total Liabilities & Equity:			$	1,917,424.49

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December 27, 2017

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Income Statement
For The 9 Periods Ended 9/30/2017

Campbell Clinic Surgery Center LLC (CSC)

		Period to Date	% of Revenue	Year to Date	% of Revenue
Revenue					
4000-100-00	Gross Patient Revenue - Ortho GTWN	$ 3,689,264.97	52.93%	$ 33,933,455.91	52.46%
4000-200-00	Gross Patient Revenue - Ortho MTSC	$ 2,159,905.71	30.99%	$ 21,007,566.26	32.48%
4005-100-00	Gross Patient Revenue - Pain GTWN	$ 861,251.00	12.36%	$ 7,518,020.90	11.62%
4005-200-00	Gross Patient Revenue - Pain MTSC	$ 259,984.00	3.73%	$ 2,225,321.50	3.44%
	Total Revenue:	$ 6,970,405.68	100.00%	$ 64,684,364.57	100.00%
Adjustments					
4010-100-00	Contractual Adjustment - GTWN	$ 3,491,088.41	50.08%	$ 31,973,656.66	49.43%
4010-200-00	Contractual Adjustment - MTSC	$ 1,748,946.72	25.09%	$ 16,725,108.14	25.86%
4040-000-00	Other Revenue	$ -225.40	0.00%	$ -177,948.89	-0.28%
4050-000-00	Cash Basis Adjustment	$ 63,104.29	0.91%	$ -432,825.13	-0.67%
	Total Adjustments:	$ 5,302,914.02	76.08%	$ 48,087,990.78	74.34%
	Gross Profit:	$ 1,667,491.66	23.92%	$ 16,596,373.79	25.66%
Expenses					
Personnel Expenses					
6012-100-00	Salaries & Wages - Bus Office	$ 50,509.87	0.72%	$ 332,679.43	0.51%
6012-200-00	Salaries & Wages - Bus Office	$ 16,090.30	0.23%	$ 105,698.92	0.16%
6014-100-00	Salaries & Wages - Clinical	$ 236,035.86	3.39%	$ 1,576,117.54	2.44%
6014-200-00	Salaries & Wages - Clinical	$ 135,592.89	1.95%	$ 787,593.45	1.22%
6016-100-00	Salaries & Wages - Gain/Bonus	$ 0.00	0.00%	$ 93,249.26	0.14%
6016-200-00	Salaries & Wages - Gain/Bonus	$ 0.00	0.00%	$ 44,880.82	0.07%
6050-100-00	Payroll Taxes	$ 20,522.15	0.29%	$ 147,041.31	0.23%
6050-200-00	Payroll Taxes	$ 11,146.21	0.16%	$ 68,934.16	0.11%
6072-000-00	Employee Benefits - (H/D/L/D)	$ 31,105.22	0.45%	$ 265,196.64	0.41%
6082-000-00	Employee Benefits - Retirement	$ 0.00	0.00%	$ 276,000.00	0.43%
6084-100-00	Personnel - Education	$ 0.00	0.00%	$ 3,882.35	0.01%
6084-200-00	Personnel - Education	$ 0.00	0.00%	$ 920.00	0.00%
	Total Personnel Expenses:	$ 501,002.50	7.19%	$ 3,702,193.88	5.72%
Clinical Expenses					
6309-100-00	Clinic - Small Instruments	$ 3,124.15	0.04%	$ 44,717.82	0.07%
6309-200-00	Clinic - Small Instruments	$ 4,789.44	0.07%	$ 56,487.97	0.09%
6310-100-00	Clinic - Surgical Supplies	$ 53,996.16	0.77%	$ 856,846.29	1.32%
6310-200-00	Clinic - Surgical Supplies	$ 30,058.17	0.43%	$ 626,420.17	0.97%
6311-100-00	Clinic - Implants	$ 113,778.54	1.63%	$ 1,963,045.06	3.03%
6311-200-00	Clinic - Implants	$ 112,246.88	1.61%	$ 1,249,017.74	1.93%
6312-100-00	Clinic - Oxygen/Medical Gas	$ 2,243.64	0.03%	$ 20,730.28	0.03%
6312-200-00	Clinic - Oxygen/Medical Gas	$ 1,261.53	0.02%	$ 17,039.26	0.03%
6313-100-00	Clinic - Anesthesia Supplies	$ 1,408.34	0.02%	$ 37,810.71	0.06%
6313-200-00	Clinic - Anesthesia Supplies	$ 1,460.57	0.02%	$ 26,772.28	0.04%
6314-100-00	Clinic - IV Solutions	$ 4,117.07	0.06%	$ 38,648.87	0.06%
6314-200-00	Clinic - IV Solutions	$ 3,804.16	0.05%	$ 20,776.57	0.03%
6315-100-00	Clinic - Anesthesia Pharmaceuticals	$ 9,041.74	0.13%	$ 105,110.31	0.16%
6315-200-00	Clinic - Anesthesia Pharmaceuticals	$ 4,776.61	0.07%	$ 81,340.70	0.13%
6316-100-00	Clinic - Pharmaceuticals	$ 5,921.40	0.08%	$ 124,126.16	0.19%
6316-200-00	Clinic - Pharmaceuticals	$ 8,757.49	0.13%	$ 60,051.78	0.09%
6317-100-00	Clinic - Sutures	$ 3,842.93	0.06%	$ 52,994.99	0.08%
6317-200-00	Clinic - Sutures	$ 487.01	0.01%	$ 36,530.12	0.06%
6318-100-00	Clinic - Xray Film & Supplies	$ 0.00	0.00%	$ 4,313.84	0.01%
6318-200-00	Clinic - Xray Film & Supplies	$ 0.00	0.00%	$ 4,315.04	0.01%
6319-100-00	Clinic - Disposable Packs	$ 8,994.04	0.13%	$ 162,324.42	0.25%
6319-200-00	Clinic - Disposable Packs	$ 6,712.30	0.10%	$ 90,325.33	0.14%
6323-100-00	Clinic - Equip/Instr Rental	$ 8,712.00	0.12%	$ 43,560.00	0.07%
6323-200-00	Clinic - Equip/Instr Rental	$ 0.00	0.00%	$ 4,162.00	0.01%
6324-100-00	Clinic - Trash/Medical Waste	$ 0.00	0.00%	$ 57,542.10	0.09%
6324-200-00	Clinic - Trash/Medical Waste	$ 0.00	0.00%	$ 49,971.42	0.08%
6330-100-00	Clinic - Uniforms/Laundry	$ 9,069.47	0.13%	$ 151,295.40	0.23%
6330-200-00	Clinic - Uniforms/Laundry	$ 5,991.55	0.09%	$ 77,786.32	0.12%
6332-100-00	Clinic - Food Patient/Employee	$ 1,529.27	0.02%	$ 28,416.51	0.04%
6332-200-00	Clinic - Food Patient/Employee	$ 3,329.81	0.05%	$ 21,008.76	0.03%

Income Statement
For The 9 Periods Ended 9/30/2017

Campbell Clinic Surgery Center LLC (CSC)

		Period to Date	% of Revenue	Year to Date	% of Revenue
Clinical Expenses	(Continued)				
6341-100-00	Clinic - Equip R&M Contract	$ 15,934.34	0.23%	$ 186,516.73	0.29%
6341-200-00	Clinic - Equip R&M Contract	$ 31,280.61	0.45%	$ 133,877.78	0.21%
6342-100-00	Clinic - Equip/Instr R&M	$ 687.68	0.01%	$ 6,946.66	0.01%
6342-200-00	Clinic - Equip/Instr R&M	$ 603.09	0.01%	$ 11,374.28	0.02%
6343-100-00	Clinic - Lab Services	$ 204.00	0.00%	$ 2,124.00	0.00%
6343-200-00	Clinic - Lab Services	$ 0.00	0.00%	$ 10.43	0.00%
	Total Clinical Expenses:	$ 458,163.99	6.57%	$ 6,454,338.10	9.98%
Other Operating Expenses					
6085-100-00	Personnel - Contract Employees	$ 1,263.24	0.02%	$ 39,438.99	0.06%
6085-200-00	Personnel - Contract Employee	$ 782.00	0.01%	$ 32,552.55	0.05%
6510-100-00	Facility - Rent/Lease	$ 88,278.78	1.27%	$ 467,608.02	0.72%
6510-200-00	Facility - Rent/Lease	$ 14,878.82	0.21%	$ 133,552.35	0.21%
6516-200-00	Facility - Property Taxes	$ 0.00	0.00%	$ 56,993.25	0.09%
6520-100-00	Facility - Utilities	$ 7,908.12	0.11%	$ 86,368.48	0.13%
6520-200-00	Facility - Utilities	$ 12,310.74	0.18%	$ 103,010.99	0.16%
6526-100-00	Facility - Cable	$ 0.00	0.00%	$ 934.25	0.00%
6526-200-00	Facility - Cable	$ 0.00	0.00%	$ 1,214.75	0.00%
6527-100-00	Facility - Trash	$ 0.00	0.00%	$ 10,133.54	0.02%
6527-200-00	Facility - Trash	$ 0.00	0.00%	$ 6,627.81	0.01%
6528-100-00	Facility - Telephone	$ 486.35	0.01%	$ 4,803.14	0.01%
6528-200-00	Facility - Telephone	$ 831.09	0.01%	$ 24,018.80	0.04%
6530-100-00	Facility - Bldg Repair/Maint	$ 5,924.99	0.09%	$ 61,946.38	0.10%
6530-200-00	Facility - Bldg Repair/Maint	$ 3,670.75	0.05%	$ 62,777.41	0.10%
6534-100-00	Facility - Janitor/Housekeeping	$ 5,128.52	0.07%	$ 65,998.64	0.10%
6534-200-00	Facility - Janitor/Housekeeping	$ 5,624.99	0.08%	$ 50,062.62	0.08%
6544-100-00	Facility - Security	$ 0.00	0.00%	$ 3,503.88	0.01%
6544-200-00	Facility - Security	$ 3,585.75	0.05%	$ 53,464.88	0.08%
6710-000-00	Admin - Accounting Fees	$ 702.67	0.01%	$ 12,010.48	0.02%
6712-000-00	Admin - Bank Charges	$ 15,022.65	0.22%	$ 118,210.06	0.18%
6715-000-00	Admin - Marketing	$ 55.00	0.00%	$ 1,810.05	0.00%
6716-100-00	Admin - Dues/Books/Subs	$ 57.35	0.00%	$ 7,254.39	0.01%
6716-200-00	Admin - Dues/Books/Subs	$ 336.57	0.00%	$ 1,804.85	0.00%
6717-000-00	Admin - Education/Training	$ 0.00	0.00%	$ 15,911.45	0.02%
6718-100-00	Admin - Licenses/Fees	$ 229.32	0.00%	$ 31,564.20	0.05%
6718-200-00	Admin - Licenses/Fees	$ 16.00	0.00%	$ 2,940.74	0.00%
6724-000-00	Admin - Business Meals & Ent	$ 212.86	0.00%	$ 3,723.26	0.01%
6725-100-00	Admin - Miscellaneous	$ 150.00	0.00%	$ 300.00	0.00%
6725-200-00	Admin - Miscellaneous	$ 150.00	0.00%	$ 300.00	0.00%
6726-000-00	Admin - Prof/Gen Liability Ins	$ 0.00	0.00%	$ 38,991.00	0.06%
6727-000-00	Admin - Info Tech Outside Serv	$ 2,282.36	0.03%	$ 17,353.42	0.03%
6728-100-00	Admin - Office Supplies	$ 1,155.19	0.02%	$ 28,328.08	0.04%
6728-200-00	Admin - Office Supplies	$ 1,661.41	0.02%	$ 15,856.59	0.02%
6729-000-00	Admin - Postage/Ship/Courier	$ 5,195.71	0.07%	$ 63,699.24	0.10%
6731-000-00	Admin - Pro Fees Collections	$ 4,852.69	0.07%	$ 54,296.59	0.08%
6733-000-00	Admin - Pro Fees Transcription	$ 6,092.32	0.09%	$ 56,357.08	0.09%
6740-100-00	Admin - Rent Office Equip	$ 1,362.70	0.02%	$ 14,476.94	0.02%
6740-200-00	Admin - Rent Office Equip	$ 0.00	0.00%	$ 4,132.27	0.01%
6742-100-00	Admin - Office Equip R&M	$ 0.00	0.00%	$ 25.90	0.00%
6742-200-00	Admin - Office Equip R&M	$ 0.00	0.00%	$ 1,067.23	0.00%
6746-000-00	Admin - Sales Taxes	$ 26,558.45	0.38%	$ 291,038.06	0.45%
6750-000-00	Admin - Travel	$ 11,790.49	0.17%	$ 31,781.30	0.05%
6800-100-00	Admin - Minor Equipment	$ 0.00	0.00%	$ 4,119.92	0.01%
6800-200-00	Admin - Minor Equipment	$ 810.00	0.01%	$ 8,733.69	0.01%
	Total Other Operating Expenses:	$ 229,367.88	3.29%	$ 2,091,097.52	3.23%
Non-Operating Expenses					
6901-000-00	Other - Miscellaneous	$ 1,464.79	0.02%	$ 11,588.84	0.02%
6916-000-00	Other - Depreciation	$ 29,069.17	0.42%	$ 261,622.53	0.40%
6918-000-00	Other - Interest Expense	$ 10,217.19	0.15%	$ 92,997.07	0.14%
	Total Non-Operating Expenses:	$ 40,751.15	0.58%	$ 366,208.44	0.57%
	Total Expenses:	$ 1,229,285.52	17.64%	$ 12,613,837.94	19.50%

Income Statement
For The 9 Periods Ended 9/30/2017

Campbell Clinic Surgery Center LLC (CSC)

	Period to Date	% of Revenue	Year to Date	% of Revenue
Net Income from Operations:	$ 438,206.14	6.29%	$ 3,982,535.85	6.16%
Earnings before Income Tax:	$ 438,206.14	6.29%	$ 3,982,535.85	6.16%
Net Income (Loss):	$ 438,206.14	6.29%	$ 3,982,535.85	6.16%

11. **Section B. Economic Feasibility Item F. (3) Page 52**
Please provide the requested Capitalization Ratio. The Capitalization Ratio is requested from all applicants. In addition, please provide the portion of the financial document the applicant used to calculate the ratio.

The applicant's capitalization ratio is very high.

Long-term debt	$ 109,721
Equity	$1,861,026
Long-term debt Plus Equity	$1,970,747

Capitalization Ratio $109,721 / $1,970,747 X 100 = 5.568

This data comes from the applicant's balance sheet for Q1-Q3 2017, attached preceding this page at the end of the list. The only long-term liability is the Magna Bank note payable (last on the list of liabilities). The current liabilities total a net of -$53,372.35.

12. **Section B. Economic Feasibility Item H., Staffing, Page 54**
Table B on page 54 is noted. However, please complete the column labeled "Areawide/Statewide Average Salary" and submit a replacement page.

Regrettably, the applicant was not able to find these categories of employees in the Department of Labor and Workforce Development website of salary surveys, for any year close to the current one.

13. **Section B. Contribution to Orderly Development Item A. Page 56**
The emergency transfer agreement with Methodist LeBonheur Germantown Hospital is noted. What is the distance to Methodist LeBonheur Germantown Hospital from the proposed site?

The distance is approximately 1.8 miles.

14. Section B, Orderly Development, Item D Page 59

a. It is noted the applicant will be accredited by the Accreditation Association for Ambulatory Health Care, Inc. (AAAHC). Please provide a brief overview of AAAHC.

The Accreditation Association for Ambulatory Health Care (AAAHC) is a private, non-profit organization formed in 1979. AAAHC was one of the first organizations to develop standards to advance and promote patient safety, quality care, and value for ambulatory Health care through peer-based accreditation processes, education, and research. A certificate of accreditation is awarded to organizations that are found to be in compliance with AAAHC standards. AAAHC currently accredits more than 6,000 organizations in ambulatory health care settings and is the official accreditation organization for the US coast guard.

b. What is the difference between the Accreditation Association for Ambulatory Health Care, Inc. (AAAHC) and the American Association for Accreditation of Ambulatory Surgery Facilities (AAASF)?

The American Association for Accreditation of Ambulatory Surgery Facilities is a not for profit outpatient accrediting organization established in 1980 to standardize and improve the quality of health care in outpatient facilities. The applicant has no additional knowledge of nor any prior experience with this organization.

15. Section B. Quality Measures

Please verify and acknowledge the applicant will be evaluated annually on whether the proposal will provide health care that meets appropriate quality standards upon the following factors:

a. Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

Yes.

b. Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

Yes.

c. Whether the applicant will obtain and maintain all applicable state licenses in good standing;

Yes.

d. Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

Yes .

e. Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

The applicant has always been in compliance.

f. Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

The applicant has never been decertified.

g. Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

The applicant will do this.

g (Repeated) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

(ii) Accreditation Association for Ambulatory Health Care, and where applicableAmerican Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects.

The applicant will do this.

h. For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

Yes; the applicant has extensively planned for all of the following and has established criteria for extending privileges. The required ancillary support services and staff are available; this is a facility that has a long operating history.

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Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn

John Wellborn
Consultant

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CAMPBELL CLINIC HOLDINGS, P.C.
AND SUBSIDIARIES

Consolidated Financial Statements - Income Tax Basis
and Supplemental Schedules
For the Years Ended December 31, 2016 and 2015

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CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

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Clark Tower, 5100 Poplar Avenue, 30th Floor • Memphis, Tennessee 38137
Main: 901.685.5575 • Fax: 901.685.5583 • www.mhmcpa.com

Independent Auditor's Report

To the Board of Directors and Shareholders
Campbell Clinic Holdings, P.C.
Germantown, Tennessee

We have audited the accompanying consolidated financial statements of Campbell Clinic Holdings, P.C. and Subsidiaries, which comprise the consolidated statements of assets, liabilities, and shareholders' equity - income tax basis as of December 31, 2016 and 2015, and the related consolidated statements of revenues and expenses - income tax basis, and changes in shareholders' equity - income tax basis, for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting basis used for federal income tax reporting purposes as described in note 2; this includes determining that the income tax basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditor's 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. 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated assets, liabilities, and shareholders' equity of Campbell Clinic Holdings, P.C. and Subsidiaries as of December 31, 2016 and 2015, and their consolidated revenues and expenses and changes in shareholders' equity for the years then ended, in accordance with the accounting basis used for federal income tax reporting purposes as described in note 2.

Basis of Accounting

We draw attention to note 2 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the accounting basis used for federal income tax reporting purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated income tax basis financial statements as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the consolidated income tax basis financial statements. The separate company financial statements on pages 24 to 28 are presented for purposes of additional analysis of the consolidated income tax basis financial statements rather than to present the financial position and results of operations of the individual companies. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated income tax basis financial statements. That information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the consolidated income tax basis financial statements as a whole.

Mayer Hoffman McCann P.C.

Memphis, Tennessee
May 11, 2017

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Consolidated Statements of Assets, Liabilities, and Shareholders' Equity - Income Tax Basis
December 31, 2016 and 2015

Assets	2016	2015
Current assets		
Cash and cash equivalents	$ 5,123,858	$ 6,061,090
Prepaid expenses	179,116	229,738
Current maturities of notes receivable from physicians	65,166	23,700
Total current assets	5,368,140	6,314,528
Property and equipment, less accumulated depreciation and amortization	16,020,129	17,157,523
Other assets		
Notes receivable from physicians, net	90,000	110,166
Investments in partnership and limited liability companies	367,047	342,581
Investment in land and improvements	771,551	771,551
Total other assets	1,228,598	1,224,298
	$ 22,616,867	$ 24,696,349
Liabilities and Shareholders' Equity		
Current liabilities		
Lines of credit	$ 1,363,948	$ 2,280,909
Current maturities of long-term debt	1,700,337	1,565,589
Accrued retirement plan contributions	4,200,000	4,169,000
Due to affiliate	2,063	-
Payroll withholdings	13,882	13,322
Total current liabilities	7,280,230	8,028,820
Long-term debt, less current maturities	11,861,230	13,522,975
Commitments and contingencies		
Shareholders' equity		
Common stock, no par value; 10,000 shares authorized, 3,550 and 3,359 shares issued and outstanding in 2016 and 2015, respectively	1,365,312	1,259,572
Retained earnings	2,110,095	1,884,982
Total shareholders' equity	3,475,407	3,144,554
	$ 22,616,867	$ 24,696,349

The accompanying notes are an integral part
of these consolidated financial statements.

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Consolidated Statements of Revenues and Expenses - Income Tax Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenues		
Patient service revenue	$ 89,674,586	$ 80,324,720
Other operating revenue	8,785,907	7,317,284
Total revenues	98,460,493	87,642,004
Operating expenses	97,839,775	87,561,720
Operating income	620,718	80,284
Other income (expense)		
Income from investments in partnership and limited liability companies	175,859	183,771
Interest expense	(566,019)	(592,226)
Other	(5,445)	390
Total other income (expense)	(395,605)	(408,065)
Net income (loss)	$ 225,113	$ (327,781)

The accompanying notes are an integral part of these consolidated financial statements.

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity - Income Tax Basis
For the Years Ended December 31, 2016 and 2015

	Common Stock		Retained	
	Shares	Amount	Earnings	Total
Balances, January 1, 2015	3,197	$ 1,172,717	$ 2,212,763	$ 3,385,480
Common stock issued	162	86,855	-	86,855
Net loss for 2015	-	-	(327,781)	(327,781)
Balances, December 31, 2015	3,359	1,259,572	1,884,982	3,144,554
Common stock issued	191	105,740	-	105,740
Net income for 2016	-	-	225,113	225,113
Balances, December 31, 2016	3,550	$ 1,365,312	$ 2,110,095	$ 3,475,407

The accompanying notes are an integral part
of these consolidated financial statements.

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Note 1 - Organization and nature of operation

Campbell Clinic Holdings, P.C. (Holdings) is a Tennessee corporation formed on December 19, 2012. Upon formation, 100% of the common stock of Campbell Clinic, P.C. was transferred to Holdings.

Campbell Clinic, P.C. is a Tennessee professional service corporation which operates as a health-care practice and research entity through several offices located throughout the Memphis area. The practice of Campbell Clinic, P.C. and its subsidiaries (collectively, the "Clinic") centers around providing medical care, diagnosis and treatment of diseases of the human body in the specialties of orthopaedic medicine, orthopaedic surgery, and musculoskeletal medicine. The Clinic also has physician programs supporting medical education, medical research, and the publication of medical literature for the field of orthopaedic medicine and orthopaedic surgery. The Clinic primarily serves patients in Memphis and the Mid-South area.

Note 2 - Summary of significant accounting policies

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Campbell Clinic Holdings, P.C., and Campbell Clinic, P.C. and its wholly-owned subsidiaries, Campbell Clinic Surgery Center, LLC (the "Surgery Center"), a Tennessee limited liability company, and Wolf River Medical Center, Ltd. (WRMC), a Tennessee limited partnership (collectively, the "Company"). The Surgery Center operates an outpatient surgery center in Germantown, Tennessee and commenced operations in May 2002. WRMC owns medical buildings and land in Germantown and Memphis, Tennessee. All significant intercompany balances and transactions have been eliminated in the consolidation.

Basis of accounting

The Company's policy is to prepare its consolidated financial statements on the accounting basis used for federal income tax reporting purposes, which is generally the modified cash basis. Under this basis of accounting, the Company capitalizes long-lived assets and records depreciation and amortization thereon, defers insurance premiums paid for future periods, records liabilities for retirement plan contributions, and records lines of credit and long-term debt. This basis of accounting is allowed by applicable federal income tax laws and regulations and differs from accounting principles generally accepted in the United States of America primarily in that revenues are recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred. Consequently, accounts receivable due from patients, accounts payable, certain accrued expenses, capital leases, fair value considerations, and consolidation of variable interest entities are not included in the accompanying consolidated income tax basis financial statements.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of cash on deposit with banks and money market funds.

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 2 - Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using statutory rates and asset lives prescribed by the Internal Revenue Code. Expenditures for major additions and betterments which extend the useful lives of assets are capitalized, while repairs and maintenance which do not extend the lives of the applicable assets are charged to expense as incurred. Upon the sale, disposal, or abandonment of an asset, the asset and related accumulated depreciation or amortization account is adjusted accordingly. Any resulting gain or loss is included in current operations. Depreciation and amortization expense totaled $1,804,245 in 2016 and $1,384,116 in 2015.

Investments in partnership and limited liability companies

The Company has investments in a limited partnership and limited liability companies. These investments are accounted for using the equity method of accounting used for federal income tax reporting purposes. The Company recognizes its allocated share of taxable income or losses from the limited partnership and limited liability companies in the applicable year, and the investments are carried at cost, adjusted for the Company's share of taxable income, losses, and distributions received.

Investment in land and improvements

The investment in land and improvements consists of five acres of undeveloped land held for investment, and is stated at cost.

Marketing and advertising

Marketing and advertising costs are expensed when paid. Marketing and advertising costs approximated $941,000 in 2016 and $1,228,000 in 2015.

Income taxes

The Company has elected S corporation status as allowed under the Internal Revenue Code. As a result of this election, the Company's income, gains, losses, and deductions are passed through to the shareholders individually. Accordingly, the Company will have no federal income tax liability (with limited exceptions) as long as the S corporation election is in effect. The Company continues to be subject to state income taxes for the state of Tennessee and certain other states which do not recognize the S corporation election. There is no provision for state income taxes for the years ended December 31, 2016 and 2015 due to net operating loss carryforwards. The Company has available state net operating loss carryforwards approximating $213,000 as of December 31, 2016 which are available to offset future current state income tax. These expire in various years through 2029.

The Company's federal and state income tax returns are subject to examination by tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the accompanying consolidated financial statements

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 2 - Summary of significant accounting policies (continued)

Income taxes (continued)

could be changed at a later date upon final determination by such tax authorities. The Company is generally no longer subject to federal and state income tax examinations by tax authorities for years prior to the year ended December 31, 2013.

Events occurring after reporting date

Management has evaluated events and transactions that have occurred between December 31, 2016 and May 11, 2017, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with the accounting basis used for federal income tax reporting purposes, which is generally the modified cash basis, as allowed by applicable federal income tax laws and regulations. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2015 consolidated financial statements in order to conform to the 2016 presentation.

Note 3 - Notes receivable from physicians

Notes receivable from physicians consists primarily of loans provided to new shareholders, generally for those entering fellowship programs. The notes bear no interest if the physician works to a specified date. Amounts due from physicians are as follows:

	2016	2015
David D. Spence, MD	$ 30,000	$ 30,000
Ben Mauck, MD	30,000	30,000
Benjamin Grear, MD	30,000	30,000
Clayton Bettin, MD	30,000	15,000
Marcus C. Ford, MD	15,000	-
Tyler J. Brolin, MD	15,000	-
Jeffrey R. Sawyer, MD	5,166	17,166
Byron Stephens, MD	-	11,700
	155,166	133,866
Less current maturities	65,166	23,700
Net long-term notes receivable	$ 90,000	$ 110,166

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 3 - Notes receivable from physicians (continued)

As of December 31, 2016, notes receivable from physicians that are anticipated to be forgiven and repaid in accordance with loan agreements are as follows:

	Forgiven	Repaid	Total
2017	$ 60,000	$ 5,166	$ 65,166
2018	30,000	-	30,000
2019	-	-	-
2020	-	-	-
2021	30,000	-	30,000
Thereafter	30,000	-	30,000
	$ 150,000	$ 5,166	$ 155,166

Note 4 - Property and equipment

Property and equipment as of December 31, 2016 and 2015 consists of the following:

	2016	2015
Buildings	$ 13,931,181	$ 13,931,181
Furniture, fixtures and equipment	14,085,502	13,438,225
Land and improvements	4,436,426	4,436,426
Leasehold improvements	3,593,141	3,593,141
	36,046,250	35,398,973
Less accumulated depreciation and amortization	20,026,121	18,241,450
Net property and equipment	$ 16,020,129	$ 17,157,523

Note 5 - Investments in partnership and limited liability companies

Investments in a partnership and limited liability companies as of December 31, 2016 and 2015 consist of the following:

	2016			2015		
	% Ownership	Income (Loss)	Carrying Amount	% Ownership	Income (Loss)	Carrying Amount
Methodist Surgery Center Germantown, LP	1.00 %	$ 17,746	$ 26,315	1.00 %	$ 25,365	$ 30,217
Mid-South Pediatric Specialists, LLC	- %	(3,074)	-	20.89 %	-	3,074
CC DeSoto Clinic, LLC	37.50 %	161,187	340,732	37.50 %	158,406	309,290
		$ 175,859	$ 367,047		$ 183,771	$ 342,581

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 6 - Lines of credit

The Clinic has a revolving line of credit with a borrowing limit of $3,000,000. The agreement was amended to temporarily increase the limit to $5,000,000 for the period of October 1, 2015 through April 1, 2016, at which time the borrowing limit was reduced back to $3,000,000. The credit agreement provides for monthly interest payments at an interest rate equal to adjusted three month LIBOR, as defined in the credit agreement, plus one hundred ninety (190) basis points (2.90% at December 31, 2016). The outstanding principal is due at maturity, which is August 2017. The credit agreement is collateralized by all accounts (including healthcare insurance receivables) and certain equipment. Borrowings outstanding under this line of credit totaled $1,363,948 and $2,280,909 as of December 31, 2016 and 2015, respectively.

The Surgery Center has a revolving line of credit with a borrowing limit of $500,000. The credit agreement provides for monthly interest payments at an interest rate equal to adjusted LIBOR, as defined in the credit agreement, plus one hundred ninety (190) basis points (2.79% at December 31, 2016). The outstanding principal is due at maturity, which is August 2017. The credit agreement is collateralized by all accounts (including healthcare insurance receivables) and certain equipment. There were no borrowings outstanding under this line of credit as of December 31, 2016 and 2015.

Note 7 - Long-term debt

Long-term debt as of December 31, 2016 and 2015 consists of the following:

	2016	2015
Note payable to a bank, bearing interest at a fixed rate of 3.35%, payable in monthly installments of principal and interest of $32,497 through August 2019, collateralized by building and land	$ 5,097,462	$ 5,309,868
Note payable to a bank, bearing interest at a fixed rate of 4.4%, payable in monthly installments of principal and interest of $24,787 through October 2028, collateralized by building and land	2,730,888	2,901,881
Note payable to a bank, bearing interest at a fixed rate of 5.18%, payable in monthly installments of principal and interest of $25,415 through July 2020, with a final payment of outstanding principal approximating $2,370,000 and interest due upon maturity in August 2020, collateralized by building and land	2,351,371	2,607,556
Note payable to a bank, bearing interest at a fixed rate of 2.36%, payable in monthly principal installments of $24,370 plus applicable interest through March 2020, collateralized by certain equipment	950,431	1,242,872

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 7 - Long-term debt (continued)

	2016	2015
Note payable to a bank, bearing interest at a fixed rate of 2.4%, payable in monthly installments of principal and interest of $26,555, matures August 2019, collateralized by substantially all assets of the Clinic	$ 822,064	$ 1,116,731
Note payable to a bank, bearing interest at a fixed rate of 2.55%, payable in monthly installments of principal and interest of $4,006, matures August 2018, collateralized by land	707,904	740,292
Note payable to a bank, bearing interest at a fixed rate of 2.47%, payable in monthly installments of principal and interest of $28,771 through August 2018, collateralized by certain equipment	563,541	890,142
Note payable to a bank, bearing interest at a fixed rate of 3.0%, payable in monthly installments of principal and interest of $8,580 through October 2018, collateralized by certain equipment	183,477	279,222
Note payable to a bank, bearing interest at 2.754%, payable in monthly installments of principal and interest of $7,911 through August 2018, collateralized by certain equipment	154,429	-
	13,561,567	15,088,564
Less current maturities	1,700,337	1,565,589
Net long-term debt	$ 11,861,230	$ 13,522,975

These notes include certain restrictive covenants which require, among other things, the maintenance of certain financial ratios.

Principal maturities of long-term debt as of December 31, 2016 are as follows:

Year Ending	Amount
2017	$ 1,700,337
2018	2,231,100
2019	5,526,337
2020	458,163
2021	404,297
Thereafter	3,241,333
	$ 13,561,567

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 8 - Shareholder equity transactions

The Company has employment agreements with each of its employed shareholders. The agreements provide, among other things, that each physician will purchase 100 shares of common stock within ten years of employment.

The Shareholders Agreement as of December 19, 2012 established a base stock price of $491.87 which increases 3% annually. The per share price for the calendar year was $553.61 for 2016 and $537.48 for 2015.

During 2016, the Company sold 191 shares of common stock for $105,740. No shares were redeemed in 2016.

During 2015, the Company sold 162 shares of common stock for $86,855. No shares were redeemed in 2015.

Note 9 - Lease commitments

The Company leases its office, facilities, and certain equipment under the terms of operating leases payable in aggregate monthly installments approximating $161,000. The leases expire at various dates through 2027. Rent expense under these operating leases totaled $2,240,691 in 2016 and $2,061,337 in 2015.

Future minimum lease payments under noncancellable operating leases with an initial or remaining lease term in excess of one year as of December 31, 2016 approximate $2,085,000 in 2017, $2,118,000 in 2018, $1,550,000 in 2019, $1,019,000 in 2020, $998,000 in 2021, and $4,107,000 thereafter.

Memphis Redbirds club suite

The Company had a lease agreement for a private spectator club suite at the Memphis Redbirds baseball park that ended in September 2015. The Company paid fees of $19,000 in 2015.

FedEx Forum Arena club suite

Prior to July 2016, the Company had a co-license agreement for a private spectator club suite at the FedEx Forum Arena. The agreement required an annual license fee approximating $101,000 which increased 3% each subsequent year. The Company had an agreement with Metropolitan Anesthesia Alliance (MAA), whereby MAA equally shared the benefits and costs of the club suite. MAA paid Memphis Basketball directly fifty-percent (50%) of the Company's club suite obligation. No license fees were paid by the Company in 2016. License fees paid by the Company were $54,000 in 2015. In July 2016, this agreement was replaced by a new sponsorship agreement which no longer included the suite (see note 13).

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 10 - Related party transactions

The Campbell Foundation

The Clinic provides office space, accounting and administrative services for The Campbell Foundation (the "Foundation") as a non-cash contribution. The Foundation was created by former Clinic doctors to provide financial assistance to physicians entering the field of orthopaedic medicine. Management estimates that the Clinic contributed approximately $30,000 in accounting and administrative services and $4,320 in rent in both 2016 and 2015.

The Clinic paid salaries and payroll taxes to Fellow Physicians in 2016 and 2015, which were reimbursed by the Foundation in the amount of $368,297 and $363,973, respectively.

The Clinic paid malpractice insurance for Fellow Physicians in 2016 and 2015, which were reimbursed by the Foundation in the amount of $33,112 and $27,367, respectively.

The Clinic paid certain employee benefits for Fellow Physicians and certain employees of the Foundation in 2016 and 2015, which were reimbursed by the Foundation. These benefits related to health benefits, insurance costs, retirement plan benefits, and cafeteria and business meals and totaled $66,444 in 2016 and $98,249 in 2015.

CC DeSoto Clinic, LLC

The Clinic leases a medical office building from CC DeSoto Clinic, LLC, a Tennessee limited liability company, in which the Clinic is a limited partner, under a lease agreement expiring February 2027. Under the lease agreement, the Clinic has two renewal options for five (5) years each. Under the lease agreement, the Clinic is responsible for insurance, maintenance and taxes on the building. Lease payments are payable in equal monthly installments, due on the first of each month. Base rent was amended in 2016 to an annual amount of $512,253 and is set to increase by 2.15% each year. Rent paid totaled $626,283 in 2016 and $612,025 in 2015.

Notes receivable from physicians

Notes receivable from physicians consists of notes due from shareholders totaling $155,166 and $133,866 as of December 31, 2016 and 2015, respectively (see note 3).

Note 11 - Patient receivables (unaudited)

Patient receivables not included in these consolidated income tax basis financial statements as of December 31, 2016 and 2015, are as follows:

	2016	2015
Campbell Clinic, P.C.		
Gross charges - patient receivables	$ 22,887,957	$ 20,111,550
Amount in external collections	(6,187,054)	(5,854,931)
Remaining gross patient receivables	$ 16,700,903	$ 14,256,619

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 11 - Patient receivables (unaudited) (continued)

	2016	2015
Campbell Clinic Surgery Center, LLC		
Gross charges - patient receivables	$ 2,444,345	$ 2,895,293
Amount in external collections	(498,406)	(668,601)
Remaining gross patient receivables	$ 1,945,939	$ 2,226,692

Note 12 - Retirement plans

Defined contribution 401(k) plan

The Company sponsors a defined contribution 401(k) plan for the benefit of eligible employees who have completed one year of service. Participants may contribute any amount of their eligible earnings, not to exceed Internal Revenue Code (IRC) limitations. The Company makes safe harbor matching contributions equal to one hundred percent (100%) of each participant's elective deferrals up to six percent (6%) of the participant's eligible compensation. The Company also makes a safe harbor contribution equal to three percent (3%) of each participant's eligible compensation. The Company may make a discretionary profit sharing contribution to the plan, as determined by the Board of Directors. The Company's contributions to the plan totaled $2,865,045 for 2016 and $2,796,094 for 2015.

Defined benefit plan

The Company sponsors a cash balance retirement plan available to all employees who have completed one year of service and have attained age twenty-one (21). Each participant maintains an account balance which consists of contributions based on annual pay and interest credits. The Company's funding policy is to make annual contributions to the plan in the amounts that are estimated to fully provide all employee benefits by the time each employee retires and to meet the minimum funding requirements of ERISA. Each eligible participant is credited with six percent (6%) of their eligible annual earnings. In addition, the plan credits each account with an annual interest credit of five percent (5%) of the account balance as of the end of the previous calendar year. The Company's contributions to the plan totaled $1,407,315 for 2016 and $1,419,915 for 2015. The Company expects to make required quarterly fundings of $286,076 in 2017.

The following table summarizes the projected benefit obligation, the fair value of plan assets, and the funded status as of December 31, 2016 and 2015:

	2016	2015
Fair value of plan assets	$ 14,834,071	$ 12,661,861
Projected benefit obligation	(18,056,230)	(16,378,199)
Funded status	$ (3,222,159)	$ (3,716,338)
Accumulated benefit obligation	$ (18,056,230)	$ (16,378,199)

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 12 - Retirement plans (continued)

Defined benefit plan (continued)

The change in the plan's assets at fair value for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Plan assets at beginning of year	$ 12,661,861	$ 12,596,012
Actual return on assets	1,450,453	(475,345)
Employer contributions	1,419,915	973,844
Benefits paid	(698,158)	(432,650)
Plan assets at end of year	$ 14,834,071	$ 12,661,861

Net periodic benefit costs for the years ended December 31, 2016 and 2015 consist of the following:

	2016	2015
Service cost benefits earned during the year	$ 1,362,141	$ 1,364,970
Interest cost projected benefit obligations	828,439	681,559
Expected return on assets	(685,745)	(603,745)
Amortization of loss	87,694	39,541
Net periodic benefit costs	$ 1,592,529	$ 1,482,325

The weighted-average assumptions used in the measurement of the Company's benefit obligation and net periodic benefit cost as of December 31, 2016 and 2015 are as follows:

	2016	2015
Discount rate	5.00 %	5.00 %
Expected return on plan assets	5.00 %	5.00 %
Rate of compensation increase	4.00 %	4.00 %

The overall expected return on plan assets was determined based upon consideration of the types of investment classes in which assets are invested, the compounded return reasonably expected to be earned, forward looking economic assumptions, and investment related expenses.

(Accrued)/prepaid pension benefit costs as of December 31, 2016 and 2015 are as follows:

	2016	2015
Balance as of January 1	$ (431,448)	$ 77,033
Net periodic benefit costs	(1,592,529)	(1,482,325)
Employer contributions	1,419,915	973,844
Balance as of December 31	$ (604,062)	$ (431,448)

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 12 - Retirement plans (continued)

Defined benefit plan (continued)

Changes in certain assumptions regarding plan withdrawal rates along with actual returns on plan assets below the expected return assumptions have resulted in a cumulative adjustment with respect to an accrued pension liability (funded status) of $3,222,159 and $3,716,338 as of December 31, 2016 and 2015, respectively. As a result of the federal income tax basis of accounting used by the Company for financial reporting purposes, this cumulative adjustment for the accrued pension liability and certain related amounts have not been reflected in the accompanying consolidated financial statements as of December 31, 2016 and 2015.

Benefits paid from the plan for the years ended December 31, 2016 and 2015 were $698,158 and $432,650, respectively. As of December 31, 2016, future benefits expected to be paid from the plan are as follows:

Year	Amount
2017	$ 3,592,288
2018	799,228
2019	491,187
2020	1,083,739
2021	200,836
2022 to 2026	3,571,051

The Company's investment strategy is based upon an expectation that equity securities will outperform debt securities over the long term. Accordingly, the composition of the plan's assets is broadly characterized as an 80%/20% allocation between equity and debt securities. The strategy utilizes indexed U.S. equity securities and actively managed investment grade debt securities with lesser allocations to international equity securities.

The Company attempts to mitigate investment risk by rebalancing between equity and debt classes as the Company's contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold.

No plan assets are expected to be returned to the Company during 2017.

The Company's investments for its defined benefit plan are measured at fair value which is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, and describes three levels of inputs that may be used to measure fair value.

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 12 - Retirement plans (continued)

Defined benefit plan (continued)

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect management's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Following is a description of the valuation methodology used to estimate the fair value of the Company's plan asset investments as of December 31, 2016 and 2015. There have been no changes in the methodology used as of December 31, 2016 and 2015.

Mutual funds: Valued at the daily closing price as reported by the funds. Mutual funds held by the plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the plan are deemed to be actively traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the assets of the plan at fair value as of December 31, 2016 and 2015.

	Fair Value Measurements as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity	$ 12,039,845	$ -	$ -	$ 12,039,845
Fixed income	2,725,845	-	-	2,725,845
Money market	68,381	-	-	68,381
Total mutual funds	$ 14,834,071	$ -	$ -	$ 14,834,071

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 12 - Retirement plans (continued)

Defined benefit plan (continued)

	Fair Value Measurements as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity	$ 9,882,506	$ -	$ -	$ 9,882,506
Fixed income	2,710,385	-	-	2,710,385
Money market	68,970	-	-	68,970
Total mutual funds	$ 12,661,861	$ -	$ -	$ 12,661,861

Note 13 - Contractual agreements

The Clinic holds a Marketing and Sponsorship Contract with Memphis Redbirds Baseball Foundation which is renewed and payable at the beginning of each baseball season. Fees totaled $74,000 for the 2016 season and $55,000 for the 2015 season.

The Clinic holds three Marketing and Sponsorship Contracts with Tiger Sports Properties, LLC, on behalf of the University of Memphis, covering five seasons, ending in June 2019. The Clinic paid fees of approximately $149,000 in 2016 and $156,000 in 2015 related to these contracts. Future payments over the next three years under these contracts range from approximately $190,000 to $200,000 per year.

Prior to July 2016, the Clinic had a three-year Sponsorship Agreement with Memphis Basketball, LLC. This agreement included certain team sponsorship rights, including status as the Official Sports Medicine Provider to the Memphis Grizzlies, signage, season tickets, various advertising benefits, and tickets to a club suite. The Clinic made sponsorship payments of $116,840 in both 2016 and 2015. In July 2016, the Clinic entered into a new services agreement for the same rights and advertising benefits and access to a theater box. The agreement runs through June 2018. No payments are due under this new agreement until 2017. Future required payments under this agreement approximate $190,000 in 2017 and 200,000 in 2018.

The Clinic has an annual agreement with athenahealth, Inc. (Athena) for Athena to provide software and related support services for a fee payable in monthly installments equal to approximately 3.43% of patient revenue collections for 2016 and 2015. There is a minimum monthly fee payable of $75,618. The agreement commenced in March 2008 with an initial term of one year and will automatically renew in periods of one year. Fees paid to Athena totaled $2,404,657 in 2016 and $2,193,225 in 2015.

The University of Tennessee had an annual agreement with the Clinic to provide research facilities and services to the Clinic. The Clinic paid $5,400 per month for these services, not to exceed $64,800 per year. As of June 30, 2015, an agreement was reached in which the Clinic was no longer responsible for these payments. Expenses related to this agreement totaled $32,400 for the year ended December 31, 2015.

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
December 31, 2016 and 2015

Note 14 - Litigation

The Company is engaged in legal proceedings that have arisen in the ordinary course of business. In the opinion of management, these proceedings are not expected to have a materially adverse effect upon the financial position and results of operations of the Company when ultimately concluded.

Note 15 - Concentrations of risk

The Company has concentrated its credit risk for cash and cash equivalents by maintaining deposits in financial institutions which at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to significant credit risk with respect to cash and cash equivalents.

Patient revenue derived from billings to two commercial insurance payers and one governmental payer approximated 48% and 51% of the Company's departmental revenue for 2016 and 2015, respectively.

Patient revenue recognized during the years from major payers is as follows:

	2016	2015
Blue Cross Blue Shield of Tennessee	$ 22,109,378	$ 20,108,955
Cigna	11,863,154	12,306,984
Medicare	8,638,370	8,668,532
Self-pay	14,813,334	11,189,698
Other	32,250,350	28,050,551
Total	$ 89,674,586	$ 80,324,720

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SUPPLEMENTAL SCHEDULES

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Consolidated Detail Schedule of Revenues and Expenses - Income Tax Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Patient service revenues		
Physician services	$ 42,287,112	$ 39,153,286
Surgery center	21,660,582	16,087,669
Physical therapy	8,255,199	7,959,873
Radiology	6,649,403	7,204,357
Magnetic resonance imaging	6,483,087	5,951,684
Cast and durable medical equipment	4,339,203	3,967,851
Total patient service revenues	89,674,586	80,324,720
Other operating revenues		
Contractual services provided to University of Tennessee, Baptist Memorial Hospital, Methodist University Hospital, Regional Medical Center, and the Veterans Administration Hospital	6,369,851	5,631,295
Royalties	176,226	252,291
Medical report fees	9,405	5,551
Miscellaneous	2,230,425	1,428,147
Total other operating revenues	8,785,907	7,317,284
Total patient service and other operating revenues	98,460,493	87,642,004
Operating expenses		
Bank fees	420,785	353,570
Books and subscriptions	22,281	29,526
Business transportation	6,996	8,219
Cafeteria	158,684	153,830
Depreciation and amortization	1,804,245	1,384,116
Donations	67,850	45,088
Dues and licenses	397,072	401,874
Employee benefits	307,000	386,404
Employee relations	199,090	88,070
Insurance	2,780,791	3,236,638
Laundry and uniforms	644,736	578,345
Legal and accounting	518,968	435,265
Marketing and advertising	941,142	1,228,236
Meals and entertainment	26,089	24,764
Retirement plan contributions	4,201,224	4,398,689
Retirement plan administration	196,004	128,625
Postage	127,595	110,619
Purchased services	5,295,113	5,006,919
Recruitment	114,598	81,932
Registration fees - CME	165,657	160,535

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Consolidated Detail Schedule of Revenues and Expenses - Income Tax Basis (Continued)
For the Years Ended December 31, 2016 and 2015

	2016	2015
Operating expenses (continued)		
Rent - building	$ 2,207,221	$ 2,046,461
Rent - equipment	33,470	14,876
Repair and maintenance - building	942,797	804,530
Repair and maintenance - equipment	845,816	1,150,396
Salaries - general and administrative	17,330,592	15,773,416
Salaries - physician	42,143,077	35,868,468
Supplies - film	10,640	15,454
Supplies - medical	10,365,633	8,470,290
Supplies - other	307,576	318,330
Taxes and licenses	1,437,498	1,337,553
Taxes - payroll	2,403,378	2,179,069
Telephone	176,462	180,472
Travel	487,724	449,978
Utilities	751,971	711,163
Total operating expenses	97,839,775	87,561,720
Operating income	620,718	80,284
Other income (expense)		
Income from investments in partnership and limited liability companies	175,859	183,771
Interest expense	(566,019)	(592,226)
Other	(5,445)	390
Total other income (expense)	(395,605)	(408,065)
Net income (loss)	$ 225,113	$ (327,781)

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES

Consolidated Condensed Five Year Schedule of Revenues and Expenses - Income Tax Basis
For the Years Ended December 31, 2016, 2015, 2014, 2013, and 2012

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Patient service revenues					
Physician services	$ 42,287,112	$ 39,153,286	$ 37,240,775	$ 34,093,960	$ 34,633,121
Surgery center	21,660,582	16,087,669	13,811,950	11,277,740	11,579,383
Physical therapy	8,255,199	7,959,873	7,233,487	6,505,948	5,941,305
Radiology	6,649,403	7,204,357	6,893,636	6,067,153	5,917,679
Magnetic resonance imaging	6,483,087	5,951,684	6,022,014	5,438,629	5,824,695
Cast and durable medical equipment	4,339,203	3,967,851	4,375,051	4,074,377	3,856,559
	89,674,586	80,324,720	75,576,913	67,457,807	67,752,742
Other operating revenue	8,785,907	7,317,284	6,857,677	7,173,404	6,244,358
Total patient service and other operating revenues	98,460,493	87,642,004	82,434,590	74,631,211	73,997,100
Operating expenses	97,839,775	87,561,720	82,553,418	74,759,307	74,035,332
Operating income (loss)	620,718	80,284	(118,828)	(128,096)	(38,232)
Other expense	(395,605)	(408,065)	(338,186)	(228,414)	(42,655)
Income (loss) before income taxes	225,113	(327,781)	(457,014)	(356,510)	(80,887)
Federal and state income taxes recovered	-	-	-	-	(185,455)
Net income (loss)	$ 225,113	$ (327,781)	$ (457,014)	$ (356,510)	$ 104,568

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES
Campbell Clinic, P.C.
Schedule of Assets, Liabilities, and Shareholder's Equity - Income Tax Basis
December 31, 2016 and 2015

Assets	2016	2015
Current assets		
Cash and cash equivalents	$ 5,091,579	$ 6,055,977
Prepaid expenses	179,116	229,738
Current maturities of notes receivable from physicians	65,166	23,700
Total current assets	5,335,861	6,309,415
Property and equipment		
Furniture, fixtures and equipment	9,777,494	9,233,809
Building - Surgery Center	3,713,382	3,713,382
Leasehold improvements	3,593,141	3,593,141
Land and improvements - Surgery Center	709,266	709,266
	17,793,283	17,249,598
Less accumulated depreciation and amortization	11,932,374	10,632,989
Net property and equipment	5,860,909	6,616,609
Other assets		
Notes receivable from physicians, net	90,000	110,166
Investments in partnership and limited liability companies	367,047	342,581
Investment in land and improvements	771,551	771,551
Investment in Campbell Clinic Surgery Center, LLC	123,490	199,737
Investment in Wolf River Medical Center, Ltd.	7,151,588	7,165,188
Total other assets	8,503,676	8,589,223
	$ 19,700,446	$ 21,515,247

Liabilities and Shareholder's Equity		
Current liabilities		
Line of credit	$ 1,363,948	$ 2,280,909
Current maturities of long-term debt	1,420,292	1,296,249
Accrued retirement plan contributions	4,200,000	4,169,000
Payroll withholdings	11,826	13,323
Due to affiliate	2,063	-
Total current liabilities	6,998,129	7,759,481
Long-term debt, less current maturities	9,226,910	10,611,213
Shareholder's equity		
Common stock	1,365,312	1,259,572
Retained earnings	2,110,095	1,884,981
Total shareholder's equity	3,475,407	3,144,553
	$ 19,700,446	$ 21,515,247

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES
Campbell Clinic, P.C.
Schedule of Revenues and Expenses - Income Tax Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Patient service revenues		
Physician services	$ 42,287,112	$ 39,153,286
Physical therapy	8,255,199	7,959,873
Radiology	6,649,403	7,204,357
Magnetic resonance imaging	6,483,087	5,951,684
Cast and durable medical equipment	4,339,203	3,967,851
Total patient service revenues	68,014,004	64,237,051
Other operating revenues		
Contractual services provided to University of Tennessee, Baptist Memorial Hospital, Methodist University Hospital, Regional Medical Center, and the Veterans Administration Hospital	6,369,851	5,631,295
Miscellaneous	2,390,264	1,666,246
Royalties	176,226	252,291
Medical report fees	9,405	5,551
Total other operating revenues	8,945,746	7,555,383
Total patient service and other operating revenues	76,959,750	71,792,434
Operating expenses		
Bank fees	272,431	253,785
Books and subscriptions	22,281	29,526
Business transportation	6,996	8,219
Cafeteria	97,776	95,179
Depreciation and amortization	1,299,385	1,007,173
Donations	67,850	45,088
Dues and licenses	390,690	397,824
Employee relations	199,090	88,070
Insurance	2,732,966	3,199,934
Laundry and uniforms	344,939	321,871
Legal and accounting	323,094	272,996
Marketing and advertising	939,651	1,227,217
Meals and entertainment	26,089	24,764
Retirement plan contributions	3,935,285	4,167,689
Retirement plan administration	196,004	128,625
Postage	44,235	35,711
Purchased services	5,141,100	4,948,301
Recruitment	114,598	81,932
Registration fees - CME	165,657	160,535
Rent - building	1,982,531	1,873,888
Rent - equipment	1,735	1,008

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES
Campbell Clinic, P.C.
Schedule of Revenues and Expenses - Income Tax Basis (Continued)
For the Years Ended December 31, 2016 and 2015

	2016	2015
Operating expenses (continued)		
Repair and maintenance - building	$ 112,508	$ 135,592
Repair and maintenance - equipment	845,816	1,150,396
Salaries - general and administrative	16,484,518	15,072,780
Salaries - physician	39,137,107	33,315,179
Supplies - film	1,996	4,111
Supplies - medical	3,002,710	3,137,056
Supplies - other	171,771	156,878
Taxes and licenses	851,646	847,453
Taxes - payroll	2,124,490	1,942,784
Telephone	176,462	180,472
Travel	466,527	435,357
Utilities	215,281	235,496
Total operating expenses	81,895,215	74,982,889
Operating loss	(4,935,465)	(3,190,455)
Other income (expense)		
Income from investment in subsidiaries	5,416,653	3,126,805
Income from investments in partnership and limited liability companies	175,859	183,771
Investment income	415	632
Interest expense	(432,349)	(448,535)
Total other income (expense)	5,160,578	2,862,673
Net income (loss)	$ 225,113	$ (327,782)

CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES
Campbell Clinic Surgery Center, LLC
Schedule of Assets, Liabilities, and Member's Equity - Income Tax Basis
December 31, 2016 and 2015

Assets	2016	2015
Current assets		
Cash and cash equivalents	$ 32,279	$ 5,113
Property and equipment		
Furniture, fixtures and equipment	4,308,008	4,204,416
Less accumulated depreciation	4,031,264	3,730,571
Net property and equipment	276,744	473,845
	$ 309,023	$ 478,958

Liabilities and Member's Equity		
Current liabilities		
Current maturities of long-term debt	$ 98,828	$ 95,910
Payroll withholdings	2,056	-
Total current liabilities	100,884	95,910
Long-term debt, less current maturities	84,649	183,311
Member's equity	123,490	199,737
	$ 309,023	$ 478,958

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CAMPBELL CLINIC HOLDINGS, P.C. AND SUBSIDIARIES
Campbell Clinic Surgery Center, LLC
Schedule of Revenues and Expenses - Income Tax Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenues		
Patient service revenue	$ 21,660,582	$ 16,087,669
Other operating revenues	227,710	149,450
Total revenues	21,888,292	16,237,119
Operating expenses		
Bank fees	148,354	99,785
Cafeteria	60,908	58,651
Depreciation	320,266	192,349
Dues and licenses	6,382	4,050
Employee benefits	307,000	386,404
Insurance	47,825	36,704
Laundry and uniforms	299,797	256,474
Legal and accounting	195,874	162,269
Marketing and advertising	1,491	1,019
Retirement plan contributions	265,939	231,000
Postage	83,360	74,908
Purchased services	154,013	58,618
Rent - building	783,233	724,007
Rent - equipment	31,735	13,868
Repair and maintenance - building	830,289	668,938
Salaries - general and administrative	846,074	700,636
Salaries - physician	3,005,970	2,553,289
Supplies - film	8,644	11,343
Supplies - medical	7,362,923	5,333,234
Supplies - other	135,805	161,452
Taxes and licenses	585,852	490,100
Taxes - payroll	278,888	236,285
Travel	21,197	14,621
Utilities	536,690	475,667
Total operating expenses	16,318,509	12,945,671
Operating income	5,569,783	3,291,448
Other income (expense)		
Interest expense	(133,670)	(143,691)
Loss on disposal of equipment	(5,860)	(242)
Total other income (expense)	(139,530)	(143,933)
Net income	$ 5,430,253	$ 3,147,515

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STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: CAMPBELL CLINIC SURGERY CENTER
First Supplemental Response

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27 day of December, 20 17, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

My commission expires July 5, 2021.

BRADY TEAGUE
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

HF-0043

Revised 7/02

Supplemental #A2

Campbell Clinic Surgery Center

CN1712-038

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DSG Development Support Group

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December 27, 2017

Mark Farber, Deputy Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1712-038
Campbell Clinic Surgery Center

Dear Mr. Farber:

This letter responds to your second request for additional information on this application, received today. Responses are provided in triplicate, with affidavit.

1. Hospital Name Replacement pages: Attached following this page are revised page 56R of the submitted application, and revised Page Two of the first supplemental response, correcting the name of the Shelby County public hospital system to Regional One Health as it appears in Licensure records.

2. CCSC Current Unaudited Balance Sheet, Negative Current Liabilities: The CCSC has a credit card arrangement with SunTrust Bank, under which the bank is authorized to prepay certain recurring CCSC vendor bills directly up to a preauthorized amount, with the bank then taking reimbursement for those payments from CCSC's bank account on a weekly basis.

The bank gives CCSC a rebate for using the credit card for these large purchases, and that rate is a small percentage of the transactions. The negative current liability for accounts payable credit cards occurs due to a timing issue between payments being drafted from the bank account, and the accounting department making entries. The negative liability zeroes out at the end of the year.

The analogy would be how a consumer may receive a small rebate for large purchases on a personal card.

3. Applicant's Capitalization Ratio: Attached after this page, following revised Supplemental Page Two, are revised page 52R-2 from the application, and revised page Ten from the December 22 first supplemental response letter. Both are changed to show that the applicant's capitalization ratio is 5.568%, indicating low leverage.

4219 Hillsboro Road, Suite 203
Nashville, TN 37215
jwdsg@comcast.net
Tel 615.665.2022
Fax 615.665.2042

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

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

The applicant has an emergency transfer agreement with Methodist LeBonheur Germantown Hospital. The applicant's physicians participate in educational and training programs of the University of Tennessee Medical School in Memphis; and they serve patients at Regional One Health, Methodist LeBonheur Children's Hospital, Methodist University Hospital, and Baptist Memorial Hospitals, as well as other Memphis hospitals.

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

A. Positive Effects

This proposal will allow one of the area's most significant facilities to implement added surgical capacity that has already been approved--but in a way that will permit the Campbell Clinic to expand its physician practice office space, through repurposing an existing building on its campus, and to make better use of its entire campus.

The project will allow for redistribution of the CCSC's caseloads among its two ASTC facilities (Midtown and Germantown) to achieve optimal accessibility for patients and to concentrate operations more efficiently than at present.

The project will also provide an updated physical facility for CCSC patients choosing to have ambulatory surgery at its Germantown facility. The completely new facility in the new MOB will have improved surgical rooms, more recovery stations to avoid bottlenecks in the ORs, better support spaces, improved parking, and other advantages over the current surgery center building.

The replacement facility will realize these benefits without having to interrupt or impede performance of cases at the existing CCSC building, as would be necessary with an extended phased renovation and new construction associated with the initial expansion project.

B. Negative Effects

The applicant knows of no negative effects. The proposed surgical room capacity has been approved but unimplemented for several years. This is basically a plan to allocate the parent

Campbell Clinic currently has 47 physicians. The Clinic maintains physician offices across the Memphis metropolitan area, including Germantown, Collierville, Cordova, Memphis, and Southaven, MS. In addition, the physicians from Campbell Clinic maintain medical staff privileges at multiple hospitals, including those located in Collierville, in Germantown, in East Memphis, and at Regional One Health in Memphis. As a result, the physicians are physically spread across the metropolitan geographic area.

b. It appears the Campbell Clinic has increased physician ownership from 42 physicians in 2010 to 47 physicians in 2017. Is there a plan to add additional physicians? If so, how will the new site handle additional surgeries from those physicians?

Campbell Clinic has developed a comprehensive strategic plan, and annually updates it's physician manpower projections, a key element of this plan. The most recent projection provides for continued recruitment over the next 5 + year timeframe. A portion of the new physician manpower plan is related to replacement of existing clinic physicians who are approaching normal retirement age. The clinic typically brings a new physician on board one to two years prior to retirement of an outgoing physician, depending on the applicant pool and availability. Other elements of the manpower projections look at other (non-Campbell Clinic) orthopedic surgeons in the Memphis metro area, and their respective ages and potential for retirement. It is not unusual for a "new to the area" orthopedic surgeon to join Campbell Clinic.

The majority of the recruitment of additional physicians is based on a subspecialty-by-subspecialty analysis of the industry trends and volume projections for orthopedic surgery procedures. These estimates, coupled with the demographic and market share growth, guide the formulation of the Campbell Clinic's manpower projections, and subsequent recruitment strategy. For example, over the next 5-year timeframe, the clinic has plans to recruit between ten (10) and twelve (12) new physicians, which include a complement covering six (6) different subspecialties. The majority of these new physicians will likely be shareholder track positions, and accordingly, the ownership number is expected to increase, in a similar pattern to what occurred over the 2010 to 2017 time period. A substantial increase is anticipated over and above the number of retiring physicians.

6.A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved.

This facility is already exceeding financial breakeven. When moved approximately 100 feet to its new MOB location on adjoining land, it will continue to exceed breakeven. As demonstrated in the Projected Data Chart, there will be positive cash flow in Year One and thereafter.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project.

Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. NOTE: Publicly held entities only need to reference their SEC filings.

See Attachment Section B-Economic Feasibility-6A.

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

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

	2nd Yr Previous to Current Yr	1st Yr Previous to Current Yr	Current Yr	Projected Yr 1	Projected Yr 2
Net Operating Margin Ratio	0.24	0.25	0.26	0.26	0.27

C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100).
For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

Long-term debt	$ 109,721
Equity	$1,861,026
Long-term debt Plus Equity	$1,970,747
Capitalization Ratio	$109,721 / $1,970,747 X 100 = 5.568% (low)

11. Section B. Economic Feasibility Item F. (3) Page 52
Please provide the requested Capitalization Ratio. The Capitalization Ratio is requested from all applicants. In addition, please provide the portion of the financial document the applicant used to calculate the ratio.

The applicant's capitalization ratio is very low.

Long-term debt	$ 109,721
Equity	$1,861,026
Long-term debt Plus Equity	$1,970,747
Capitalization Ratio	$109,721 / $1,970,747 X 100 = 5.568%

This data comes from the applicant's balance sheet for Q1-Q3 2017, attached preceding this page at the end of the list. The only long-term liability is the Magna Bank note payable (last on the list of liabilities). The current liabilities total a net of -$53,372.35.

12. Section B. Economic Feasibility Item H., Staffing, Page 54
Table B on page 54 is noted. However, please complete the column labeled "Areawide/Statewide Average Salary" and submit a replacement page.

Regrettably, the applicant was not able to find these categories of employees in the Department of Labor and Workforce Development website of salary surveys, for any year close to the current one.

13. Section B. Contribution to Orderly Development Item A. Page 56
The emergency transfer agreement with Methodist LeBonheur Germantown Hospital is noted. What is the distance to Methodist LeBonheur Germantown Hospital from the proposed site?

The distance is approximately 1.8 miles.

4. Campbell Clinic Holdings, P.C., Current and Capitalization Ratios: You have asked if the holding company's highly leveraged debt and low current ratio would have an impact on the applicant's ability to finance and operate the project. They would not.

The holding company will be a guarantor of the bank loan. However, in the financial industry, lenders consider these ratios in different ways for different types of borrowers. The Clinic organization has a very high cash flow. It is not uncommon for high cash flow companies to have low current ratios and to be highly leveraged. But their ability to service debt is evaluated primarily on other factors. For example, the Clinic pays out earnings to its physicians during the year; but the bank regards that as cash available to service the Clinic debt before paying shareholders anything. So the ratios of the holding company will not have any adverse impact on the financial feasibility of this project.

5. Revised Organization Chart: Following this page is a replacement organization chart adding Campbell Clinic Holdings, P.C.

6. Staff Salary Data: Please see the revised table following this page, which provides additional data on salary ranges for the types of positions in this project.

7. Affidavits: Attached after this page, following the staffing table, are (a) the executed affidavit for the first supplement responses filed Friday, December 22, and (b) the affidavit for this second supplemental response letter.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn

John Wellborn
Consultant

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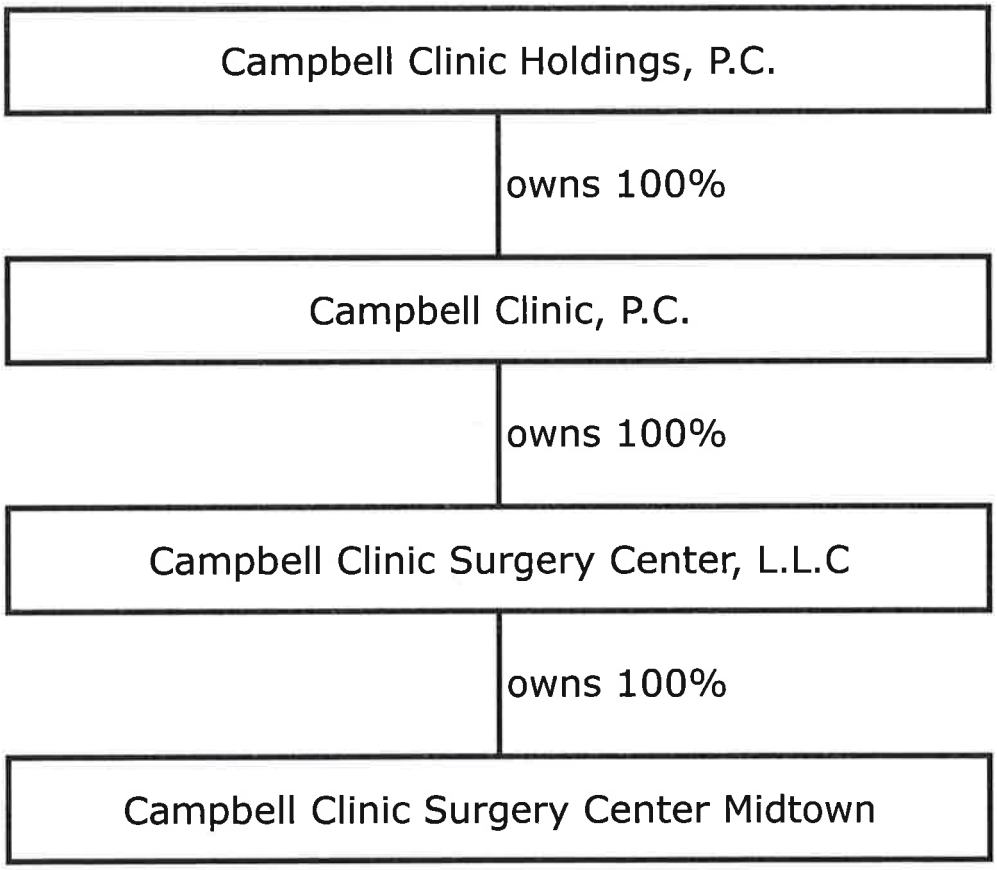

(Revised on Second Supplemental Responses, 12-27-17)

Table B-Economic Feasibility-8: Campbell Clinic Surgery Center
Current and Projected Staffing (Amended on Second Supplemental Responses 12-27-17)

Position Classification	Existing FTEs (NA)	Projected FTEs (Yr 1)	Average Annual Salary (Contractual Rate)	Tennessee Mean Salary
A. Direct Patient Care Positions				
Registered Nurse	22.00	44.00	$66,560	$58,410
Certified Surgical Technologist	5.00	10.00	$47,840	$40,680
Certified Nurse's Assistant/Transportation Aide	0.00	2.00	$33,280	$23,850
Total Direct Patient Care Positions	27.00	56.00		
B. Non-Patient Care Positions				
Administrator	1.00	1.00	$150,000	NA
Business Office Manager	1.00	1.00	$66,000	$67,630
Materials Management	1.00	1.00	$48,500	NA
Biller/Coder	1.00	2.00	$45,760	$38,270
Scheduling/ Insurance Verifier	1.00	2.00	$42,600	$37,370
Collector	1.00	2.00	$45,760	$36,340
Receptionist	1.00	1.00	$49,210	$27,300
Housekeeper	1.00	1.00	$37,440	$33,030
Total Non-Patient Care Positions	8.00	11.00		
Total Employees (A + B)				
C. Contractual Staff				
Business Support Staff	1.00	1.00		NA
Total Staff (A+B+C)	36.00	68.00		

Source: Clinic management; US Department of Labor Bureau of Labor Statistics, May 2016 Estomates for Tennessee

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AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: Campbell Clinic Surgery Center
Second Supplemental Response

I, JOHN WELLBORN, 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.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27 day of December 20 17, witness my hand at office in the County of Davidson, State of Tennessee.

Brady Teague
NOTARY PUBLIC

My commission expires July 5, 2021.

BRADY TEAGUE
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

HF-0043

Revised 7/02