



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

August 1, 2020

Patti Cotton
London & Amburn, P.C.
607 Market Street, Suite 900
Knoxville, TN 73902

RE: Certificate of Need Application – Oak Ridge Surgery Center, LLC – CN2007-018
For the establishment of a single specialty ambulatory surgical treatment center (ASTC) located at 101 Donner Drive, Oak Ridge (Anderson County), TN 37830. If approved, the ASTC will provide interventional pain management procedures and injections in one (1) procedure room and no operating rooms within a 3,484 square foot facility. The applicant is owned by Oak Ridge Surgery Center, LLC. The estimated project cost is \$994,650.

Dear Ms. Cotton:

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

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project began on August 1, 2020. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on October 28, 2020.

Ms. Cotton

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Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

1. No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
2. All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

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

Sincerely,

Logan G. Grant
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



State of Tennessee
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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: Logan G. Grant
Executive Director

DATE: August 1, 2020

RE: Certificate of Need Application
Oak Ridge Surgery Center, LLC – CN2007-018

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on August 1, 2020 and end on October 1, 2020.

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

Enclosure

cc: Patti Cotton



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the (Name of Newspaper) which is a newspaper
of general circulation in (County), Tennessee, on or before (Month / day), 20 (Year),
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in
accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency,
that:

(Name of Applicant) (Facility Type-Existing)
owned by: with an ownership type of
and to be managed by: intends to file an application for a Certificate of Need
for [PROJECT DESCRIPTION BEGINS HERE]:

The anticipated date of filing the application is: , 20

The contact person for this project is (Contact Name) (Title)

who may be reached at: (Company Name) (Address)

(City) (State) (Zip Code) / (Area Code / Phone Number)

Patti T. Cotten (Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the
last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File
this form at the following address:

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

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health
care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and
Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development
Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the
application must file written objection with the Health Services and Development Agency at or prior to the consideration of
the application by the Agency.



**State of Tennessee
Health Services and Development Agency**

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CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

IDENTIFYING INFORMATION

1. Name of Facility, Agency, or Institution

Oak Ridge Surgery Center, LLC

Name

101 Donner Drive

Street or Route

Anderson

County

Oak Ridge

City

TN

State

37830

Zip Code

Website address: N/A

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

2. Contact Person Available for Responses to Questions

Patti T. Cotten

Name

Attorney

Title

London & Amburn, P.C.

Company Name

patti@londonamburn.com

Email address

607 Market Street, Suite 900

Street or Route

Knoxville

City

TN

State

37902

Zip Code

Legal Counsel

Association with Owner

865-637-0203

Phone Number

Please answer all questions on 8½" 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 signed and 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;

Response: The Applicant seeks authorization for the establishment of a new single specialty ambulatory surgical treatment center (ASTC) for the purpose of providing interventional pain management injections and procedures. The proposed ASTC will have one (1) procedure room and no designated operating rooms since pain management procedures do not require a sterile environment. Only local and intravenous sedation will be utilized; no general anesthesia or monitored anesthesia care will be used. The ASTC will be operated primarily as a practice-based facility for the pain management specialists at Elite Pain Consultants, PLLC (“EPC”). The Applicant is a new institution and the project does not include any major medical equipment or require bed complement changes and holds no other outstanding certificates of need.

EPC operates three (3) licensed pain management clinics in Knoxville, Oak Ridge and Cleveland, Tennessee. In the ASTC, EPC’s board-certified interventional pain management specialists will perform medial block branch injections, radial frequency ablations of all three areas, caudal epidurals, spinal cord stem trial stimulators, genicular nerve blocks on the knee, occipital blocks (neck), and major joint injections, all with conscious sedation anesthesia. The initial participating interventional pain management specialist physician is Todd Ussery, M.D., who is the sole member of EPC. EPC also employs Timothy Bunker, M.D. at its Knoxville Clinic location. Dr. Ussery will perform most of the pain management procedures at the ASTC since he covers the Oak Ridge and Cleveland clinics for EPC, but Dr. Bunker may come to the ASTC on days when Dr. Ussery is not present to perform procedures on his Knoxville patients who need pain procedures and prefer Dr. Bunker to perform the procedures.

The project will be a renovation of an existing facility adjacent to the EPC Oak Ridge clinic location, with separate entrances and a separate address. The proposed ambulatory surgery center will be approximately 3484 square feet.

- 2) Ownership structure;

Response: The Applicant and proposed licensee is Oak Ridge Surgery Center, LLC. Oak Ridge Surgery Center, LLC is a recently established Tennessee limited liability company which was formed for the purpose of owning the proposed surgery center. Its ownership will consist of one surgeon performing services at the facility and two management companies which will share management/administrative operational duties. The ASTC will initially be owned by Dr. Ussery (15%), SSRS Management, LLC (the EPC Practice Management Company) (70%), and Capital Surgical Partners, LLC (the ASTC Management Company) (15%). Dr. Ussery is a 100% owner of Elite Pain Consultants, PLLC (EPC). The Applicant projects that the ASTC will primarily serve patients from the

Oak Ridge and Knoxville clinic locations, although there may be Cleveland patients who also elect to travel to the ASTC, since no ASTC is available in Cleveland.

3) Service area;

Response: As the ASTC will be operated primarily as a practice-based facility, the Service Area for this project will be Anderson, Campbell, Roane, Loudon, Monroe, and Knox counties, which are the counties served by EPC's well-established interventional pain management clinics in Oak Ridge and Knoxville. The development of this ASTC will provide a convenient quality interventional pain facility for patients from the Service Area referred from these EPC clinic locations.

4) Existing similar service providers;

Response: Currently, there are only two licensed surgery centers located in Anderson County: Eye Surgery Center of Oak Ridge (single-specialty) and Advanced Family Surgery Center (multi-specialty). Advanced Family Surgery Center has 4 operating rooms and 1 procedure room, which JAR Reports indicate is unused. Advanced Family Surgery Center's 2019 Jar Report shows that it utilizes only the operating rooms to perform general surgery, gynecology, orthopedics (over 60% of all cases), otolaryngology, and urology cases (only 1 case).

While there are sixteen (16) ASTCs in Knox County, the 2019 JAR Reports show that there are only three (3)¹ surgery centers that both have a procedure room and perform pain management procedures: Parkwest Surgery Center, Knoxville Orthopaedic and Smoky Mountain Ambulatory Surgery Center. Knoxville Orthopaedic is well over its maximum capacity and, therefore, is not a viable alternative to the proposed ASTC.

The Smoky Mountain Ambulatory Surgery Center operates primarily as an out-of-network facility. It currently only accepts traditional Medicare patients and does not accept any Medicare Advantage plans, commercial insurance, or UHC and BCBST TennCare plans (the only two TennCare plans accepted by EPC). So, while the SMASC ASTC is operating below the 70% utilization rate, SMASC's payer mix makes its cost prohibitive for the vast majority of EPC's patients, who are covered by Medicare Advantage plans, commercial insurance, and UHC and BCBST TennCare plans. Therefore, it is not a viable alternative to the proposed ASTC.

With respect to PWSC, it is a joint venture owned by Covenant Health, USPI and investing physicians that is chiefly engaged in orthopedic procedures, although it is a multi-specialty center. According to the 2019 JAR Reports, PWSC performed 964 procedure room cases. Thus, its procedure room is operating just over 50% optimal capacity and does not have the additional capacity available to be a viable alternative to the proposed ASTC. If maximum capacity of a procedure room is 2,667 procedures, the additional 2250 procedures estimated for Year 1 of the proposed ASTC when added to the current capacity of PWSC would be over 3000 procedures, exceeding "full capacity" for the single procedure room at PWSC. Accordingly, it is not a viable alternative to the proposed ASTC.

¹ Although not reflected on the 2019 JAR Report, discussions with Covenant Health legal counsel confirmed that in June 2019, FSWASC was converted to Urologic Surgery Center of Knoxville, a single specialty center for urology cases only. Thus, it no longer performs any pain management procedures and is not a viable alternative.

Most importantly, the EPC Pain Management Specialist is required to be onsite in Oak Ridge to comply with the Tennessee pain clinic rules, so he could not travel to Knoxville to perform the procedures and fulfill his on premises obligations at the EPC Oak Ridge office.

5) ASTC Project cost;

Response: The total project cost is \$912,090.00, including the lease, fixed and movable equipment, the cost of providing tenant improvements in an existing medical office building, professional fees, and operating capital.

6) Funding;

Response: Southern Heritage Bank will provide the financing needed for 100% of the project costs to SSRS Management Company, LLC (which, as 70% owner of the ASTC entity, will spearhead financing). Once a Certificate of Need is obtained, the investors/members will bear the remaining project costs through their capital contributions to Oak Ridge Surgery Center, LLC.

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

Response: The proposed ASTC will realize a profitable operating margin on a nearly immediate basis once operations are commenced. The projected procedural caseload is 2250 in Year One and 2500 in Year Two of operation – which will generate positive cash flow for the Project and net operating margins in excess of 30% in each of the first two years.

8) Staffing.

Response: The medical staff for the single specialty ASTC will initially consist of one board certified interventional pain management specialist, sole member of Elite Pain Consultants, P.C. (EPC), which currently operates an adjacent licensed pain management clinic. EPC employs Dr. Timothy Bunker, as a second pain management physician at its west Knoxville clinic and expects that Dr. Bunker may refer and/or treat EPC patients at the ASTC. Additional physicians may be recruited through EPC as practice and procedural volume growth occurs in the Service Area for patients seen at its Anderson County and Knox County locations.

In Year 1, in addition to the pain management specialists performing the procedures, the ASTC will be staffed with 5 direct patient care positions (1 registered nurse, 1 licensed practical nurse, 1 scrub technician, 1 radiology technician, and 1 patient care/pre-testing medical assistant) and 3 administrative support positions. The ASTC intends to contract with qualified professional staff to provide professional anesthesia care in the facility. With the proximity to University of Tennessee, Knoxville and LMU Medical School, and local hospitals, the staffing for the project will be readily available through these sources. The ASTC intends to contract with other qualified professional staff (i.e., certified registered nurse anesthetists) to provide professional anesthesia care at the Facility.

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.

Provide a brief description of how the project meets the criteria necessary for granting a CON using the data and information points provided in Section B of the application.

1) Need;

Response: The critical factor to consider in addressing current and future health care needs for providing quality health care in interventional pain management is consideration of opioid-sparing treatments as an alternative to opioid prescription therapy. Over 42,000 people died from opioid overdoses in 2016, according to the Department of Health and Human Services (HHS). Partly due to this, HHS declared the opioid crisis a public health emergency on October 26, 2017. In 2018, Governor Bill Haslam announced his “TN Together” plan to fight opioid addiction through prevention, treatment and law enforcement. The Tennessee legislature has passed laws to establish strict licensure requirements for license pain management clinics and to require higher levels of professional training for physicians practicing in, and supervising advanced practice clinicians, the areas of chronic pain management treatment. The Tennessee Chronic Pain Management Guidelines provide that when considering opioids for therapy, a practitioner should try a variety of appropriate non-opioid treatments for chronic pain prior to the initiation of narcotics, and use opioids only as a last resort. The Guidelines list a number of recommended alternative treatments to avoid narcotic use, including “injections that are best performed by a specialist and a referral to these specialists early in a patient’s care is encouraged prior to the initiation of narcotics.”

Demand has increased for interventional pain management services to address chronic pain in an aging population and to provide viable, long-term opioid-sparing solutions to chronic pain, as well as viable alternatives to expensive surgeries to relieve chronic back and joint pain. In the three clinics operated by Elite Pain Consultants, PLLC (EPC), there is a growing need for conservative, non-opioid treatment modalities as viable alternatives to prescription opioids. A single specialty ASTC dedicated to interventional pain management procedures for EPC patients will gain efficiencies in equipment and technology supply cost management, staff training and patient care in the preoperative and postoperative care area. One of the best ways to gain efficiency while providing alternative treatment alternatives to opioid prescribing is to consolidate pain management procedures within the Service Area into Applicant’s proposed single specialty interventional pain management ASTC.

Since EPC began clinic operations in summer 2017, the EPC pain management specialists have performed pain management procedures in an office-based setting. However, without the ability to offer IV conscious sedation to patients undergoing pain management procedures at the EPC clinics, recalcitrant patients who might otherwise benefit from alternative treatments have refused to undergo procedures without anesthesia. And, those patients who have elected to receive office-based treatments who are unable to maintain the immobility required for an effective procedure face increased risk of an unsuccessful outcome. It is increasingly clear that allowing the EPC pain management specialists the ability to perform their procedures in an ASTC dedicated to pain management is the best

solution for offering interventional pain procedures to EPC patients performed by the pain management specialist overseeing their care and providing a comprehensive approach to pain relief.

In the first year alone, the Applicant projects performing over 2250 pain procedures. With no viable alternative in the Service Area, there is a definitive need for additional capacity for EPC patients in the Service Area to provide pain management procedures which will not adversely affect any existing facilities. Thus, the Applicant's goal is to increase the efficiency of, and expand the type of, pain management procedures that the EPC pain management specialists can deliver by providing the entire scope of pain management procedures to patients of all payor-types at one convenient location in a quality care, cost-effective environment.

2) Economic Feasibility;

Response: The proposed ASTC is economically feasible: its projected caseload from the EPC pain management specialist for the first two years of operation (2250 cases in Year One and 2500 cases in Year Two) will generate significant positive cash flow for the ASTC. The net operating margin for the ASTC is projected to exceed 30% per year for its first two years of operation.

The project costs are commercially reasonable: 100% of the funding requirements for the Applicant's total project cost have been arranged through bank financing at Southern Heritage Bank on favorable terms pending HSDA approval. The remaining out-of-pocket capital costs will be funded through investing members, including Dr. Todd Ussery, SSRS Management, LLC (the EPC Management Company), and Capital Surgical Partners, LLC (the ASTC Management Company). EPC's continued growth in patient and procedure volume, along with the recruitment of an additional pain management specialist physician who will also utilize the ASTC, will assure economic feasibility of the ASTC.

This single specialty, practice-based interventional pain management ASTC can be developed at a commercially reasonable cost and is designed to achieve operational efficiency and utilization and accessibility to patients with all types of insurance. The accessibility and convenience of the facility for both the EPC pain management specialists and their patients will contribute to the ASTC's success and overall economic feasibility.

On the chart on page 39, using the 2019 JAR Reports, the Applicant has summarized the net revenue per case for all licensed single specialty ASTCs performing pain management procedures and all licensed multi-specialty ASTCs in the Service Area.

3) Quality Standards;

Response: The project will satisfy all appropriate quality standards. Dr. Todd W. Ussery (100% owner of EPC and 15% owner in Oak Ridge Surgery Center, LLC) is a board certified anesthesiologist, who is fellowship-trained and board certified in pain management. Dr. Timothy R. Bunker is board certified in physical medicine and rehabilitation, with a subspecialty certification in pain management. Oak Ridge Surgery Center, LLC will be licensed by the Tennessee Board for Licensing Health Care Facilities. It will be accredited by the Accreditation Association for Ambulatory Health Care (AAAHC). Oak Ridge Surgery Center, LLC will meet or exceed all licensing and

accreditation standards for quality of care. Oak Ridge Surgery Center, LLC will have a management services agreement with Capital Surgical Partners, LLC, which has extensive experience in managing surgery centers.

4) Orderly Development of adequate and effective health care.

Response: The proposed ASTC will operate primarily as a practice-based, single specialty facility focusing on providing interventional pain management procedures in one procedure room, treating only patients from Elite Pain Consultants, PLLC (EPC). The addition of an ASTC adjacent to its Oak Ridge practice location expands the scope of interventional pain procedures by offering procedures with IV conscious sedation. With the approval of the ASTC project, EPC patients will have greater access to opioid-sparing alternative treatments, including higher acuity interventional procedures, they that may otherwise forego without assurances that the procedure can be performed on a pain-free basis.

The existing ASTC in Oak Ridge, Advanced Family Surgery Center, does not provide treatment for the chronic pain patient population served by EPC pain management specialists. The existing ASTCs in Knox County have limited capacity and accessibility, inefficiencies, and higher out-of-network costs to patients. Because the proposed ASTC addresses a demonstrable need for additional outpatient pain management services, this ASTC will contribute to the orderly development of adequate and effective health care in the Service Area. The approval of this project will allow the EPC pain management specialists to maximize their productivity, stay on premises in compliance with the pain clinic rules, and expand the pain management procedure capacity within the Service Area by treating patients who require anesthesia services and performing higher acuity procedures in a convenient, efficient and economically accessible outpatient surgery setting.

C. Consent Calendar Justification

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

Response: Not Applicable

4. PROJECT DETAILS

A. Owner of the Facility, Agency or Institution

Oak Ridge Surgery Center, LLC		423-653-6620
_____ Name		_____ Phone Number
103 Donner Drive		Anderson
_____ Street or Route		_____ County
Oak Ridge	TN	37830
_____ City	_____ State	_____ Zip Code

B. Type of Ownership of Control (Check One)

- | | | | |
|---------------------------------|-------|--|--------------|
| 1) Sole Proprietorship | _____ | 6) Government (State of TN or Political Subdivision) | _____ |
| 2) Partnership | _____ | 7) Joint Venture | _____ |
| 3) Limited Partnership | _____ | 8) Limited Liability Company | <u> X </u> |
| 4) Corporation (For Profit) | _____ | 9) Other (Specify)_____ | _____ |
| 5) Corporation (Not-for-Profit) | _____ | | |

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

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.

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

Ally Healthcare, LLC		
_____ Name		
1100 Market St., Suite 600		Hamilton
_____ Street or Route		_____ County
Chattanooga	TN	37402
_____ City	_____ State	_____ Zip Code
Website address: <u>www.capitalsurgicalpartners.com</u>		

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

6A. Legal Interest in the Site

(Check the appropriate line and submit the following documentation)

The legal interest described below must be valid on the date of the Agency consideration of the certificate of need application.

- Ownership** (Applicant or Applicant's parent company/owner)
Submit a copy of the title/deed.
- Lease** (Applicant or Applicant's parent company/owner)
Attach a fully executed lease that includes the terms of the lease and the actual lease expense.
- Option to Purchase**
Attach a fully executed Option that includes the anticipated purchase price
- Option to Lease**
Attach a fully executed Option that includes the anticipated terms of the Option and anticipated lease expense
- Other** (Specify)

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.

Attachment Section A-6A

6B. Briefly describe the following and attach the requested documentation on an 8 ½" x 11" sheet of white paper, legibly labeling all requested information.

- 1) Plot Plan **must include**:
 - a) Size of site (***in acres***);
 - b) Location of structure on the site;
 - c) Location of the proposed construction/renovation; and
 - d) Names of streets, roads or highway that cross or border the site.

Response: See Attachment A.6.B.1

- 2) Floor Plan – If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page.
- a) Patient care rooms (private or semi-private)
 - b) Ancillary areas
 - c) Equipment areas
 - d) Other (specify)

Response: See Attachment A.6.B.2

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

Response: The site for the Ambulatory Surgery Center is in Oak Ridge, Tennessee. This site is located just off of Emory Valley Road in Oak Ridge. The city does not have public transportation, but the East Tennessee Human Resource Agency (ETHRA) serves Oak Ridge and offers scheduled door-to-door transportation. The Applicant notes that approximately 30% of the EPC patients at its Oak Ridge clinic utilize ETHRA services.

Attachment Section A-6.B-1 a-d and 6B-2.

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

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

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

- | | | | |
|--|---------------|--|---------------|
| A. Establish New Health Care Institution | <u> X </u> | G. MRI Unit Increase | <u> </u> |
| B. Change in Bed Complement | <u> </u> | H. Satellite Emergency Department | <u> </u> |
| C. Initiation of Health Care Service as Defined in TCA 68-11-1607(4) (Specify) _____ | <u> </u> | I. Addition of ASTC Specialty | <u> </u> |
| D. Relocation and/or Replacement | <u> </u> | J. Addition of Therapeutic Catheterization | <u> </u> |
| E. Initiation of MRI | <u> </u> | K. Other (Specify) _____ | <u> </u> |
| F. Initiation of Pediatric MRI | <u> </u> | | |

9. Medicaid/TennCare, Medicare Participation

 MCO Contracts [Check all that apply]

 AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number _____

Medicaid Provider Number _____

Certification Type ASTC

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

Medicare X Yes No N/A Medicaid/TennCare X Yes No N/A

10. Bed Complement Data

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

Response: N/A

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2) Surgical	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
3) ICU/CCU	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4) Obstetrical	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5) NICU	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6) Pediatric	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
7) Adult Psychiatric	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
8) Geriatric Psychiatric	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
9) Child/Adolescent Psychiatric	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
10) Rehabilitation	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
11) Adult Chemical Dependency	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
12) Child/Adolescent Chemical Dependency	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
13) Long-Term Care Hospital	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
14) Swing Beds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
15) Nursing Home – SNF (Medicare only)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16) Nursing Home – NF (Medicaid only)	_____	_____	_____	_____	_____	_____
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	_____	_____	_____	_____	_____	_____
18) Nursing Home – Licensed (non-certified)	_____	_____	_____	_____	_____	_____
19) ICF/IID	_____	_____	_____	_____	_____	_____
20) Residential Hospice	_____	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____	_____
<i>*Beds approved but not yet in service</i>	<i>**Beds exempted under 10% per 3 year provision</i>					

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

Response: N/A

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

Response: N/A

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

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

Response: N/A

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

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Oak Ridge Surgery Center, LLC		3484			3484	0	3484
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF					3484		3484
*Total Cost					\$348,400		\$348,400
**Cost Per Square Foot					\$100		\$100
Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)					<input checked="" type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input checked="" type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd 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.

- A. Describe the construction and renovation associated with the proposed project. If applicable, provide a description of the existing building, including age of the building and the use of space vacated due to the proposed project.

Response: The ASTC will be housed in a medical office building, connected by covered walkway to the EPC Clinic. The proposed ASTC will be located in a 1-story brick 3484 square foot medical office building located in 12-acre Emory Park in Oak Ridge, Anderson County, Tennessee. The building is approximately 22 years old and has approximately 24 parking spaces in close proximity.

SSRS Management, LLC, is the current tenant under the Master Lease for both the ASTC space and the adjacent EPC space. SSRS Management will lease approximately 3484 square feet of space to the Applicant, which will undergo renovations to convert it to an ASTC space, with one procedure room, recovery room, and reception. It will have its own entrance and a separate address.

13. MRI, PET, and/or Linear Accelerator – N/A

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

- A. Complete the chart below for acquired equipment.

Response: Not Applicable

<input type="checkbox"/> Linear Accelerator	Mev _____ Types:	<input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____ <input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease Expected Useful Life (yrs) _____ <input type="checkbox"/> New <input type="checkbox"/> Refurbished <input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> MRI	Tesla: _____ Magnet: _____	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____ <input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease Expected Useful Life (yrs) _____ <input type="checkbox"/> New <input type="checkbox"/> Refurbished <input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT	<input type="checkbox"/> PET/MRI <input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease Expected Useful Life (yrs) _____ <input type="checkbox"/> New <input type="checkbox"/> Refurbished <input type="checkbox"/> If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(4)(b)

- 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.

Response: Not Applicable

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

Response: Not Applicable

- D. Schedule of Operations:

Response: Not Applicable

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
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.

Response: Not Applicable

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

Response: 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.” In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards provided in the State Health Plan.

Additional criteria for review are prescribed in Chapter 11 of the Agency’s Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) 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.

QUESTIONS

NEED

The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.

1. Provide a response to the applicable criteria and standards for the type of institution or service requested. <https://www.tn.gov/hsda/hsda-criteria-and-standards.html>

Determination of Need

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

Response: The Applicant, Oak Ridge Surgery Center, LLC, is applying for a single specialty, practice-based ASTC, limited to the provision of interventional pain management procedures. It will have one procedure room and no operating rooms, as a sterile anesthesia environment is not needed for its pain management procedures. The Applicant projects 2250 pain management procedures in Year One, increasing to 2500 in Year Two.

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

Response: The average interventional pain management procedure requires approximately 10 minutes per procedure, with an additional 10 minutes in the procedure room for preparation and clean up. Patients are prepped outside the procedure room and recover in a separate recovery room. Thus, the Applicant projects the 2250 pain procedures in Year One would require 750 surgical/procedural hours. In Year Two, the Applicant projects the 2500 pain management procedures in Year Two will require 833.33 surgical/procedural hours.

The proposed ASTC will schedule patients between 8:00 a.m. and 5:00 p.m. two (2) days per week, and the ASTC will stay open until all scheduled cases have been performed.

Procedure Rooms	# Cases	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Procedure Room #1 (YEAR 1)	2250	22,500	22,500	54,000	83.33%
Procedure Room # 1 (YEAR 2)	2500	25,000	25,000	54,000	92.6%

* defined as the summation of the minutes by each room available for scheduled cases
 Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs./ day X 60 min/hr. = 540 minutes/ day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity.

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

Response: Since the sterile environment/general anesthesia available in an operating room is not necessary for the pain management procedures performed by EPC physicians, only ASTC's with a procedure room have been taken into account. In Joint Annual Reports for 2019, the only multi-specialty ASTC in Anderson County, Advanced Family Surgery Center, does not report using its procedure room and did not perform pain management services. There are three (3) surgery centers in Knox County which report having procedure rooms in which pain management cases are performed. The overall utilization percentage of these three (3) ASTCs is 114.1%, but one of those ASTC's (Knoxville Orthopaedic) is at 280.7% of capacity. The remaining two (2) of the three existing ASTC's have excess procedure room capacity: Parkwest Surgery Center and Smoky Mountain Ambulatory Surgery Center. However, as discussed in Item #4 below, especially given their location in Knox County as opposed to Anderson County, they are not viable alternatives to the proposed ASTC.

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

Response: There is only one multi-specialty ASTC in Anderson County with a procedure room, Advanced Family Surgery Center; however, it does not perform pain procedures according to the 2019 JAR Report. Additionally, it is noted that while it does have one procedure room, the JAR reporting

indicates that the procedure room has never been utilized, even when pain procedures were performed in prior years.

The 2019 JAR Reports for utilization of the three (3) ASTC's in Knox County with procedures rooms in which pain management procedures have been performed is shown below:

County	ASTC	M or S	# PRs	# PR Cases	# Cases per PR	% of meeting 1,867 Optimal Standard
Knox	Parkwest	M	1	964	964	51.6%
Knox	Knoxville Orthopaedic	M	1	5241	5241	280.7%
Knox	Smoky Mountain	S	1	183	183	9.8%
	Grand Total/Average		3	6,388	6,388	114.1%

The Knoxville Orthopaedic Surgery Center procedure room is well over capacity at 280.7% and not a viable alternative to the proposed ASTC.

PWSC is a joint venture owned by Covenant Health, USPI and investing physicians that is chiefly engaged in orthopedic procedures. It is 14 miles from the proposed ASTC. According to the 2019 JAR Reports, PWSC performed 964 procedure room cases. The Applicant expects that the EPC pain management specialists will perform procedures two (2) days per week. Currently, PWSC is operating just over 50% optimal capacity and does not have the additional capacity available to be a viable alternative to the proposed ASTC. Since PWSC already serves chiefly orthopedic physician practices and is operating at 50% capacity, it would not likely offer flexibility in scheduling in accordance with particular needs of the patient and the availability of Dr. Ussery (who would have to travel 14 miles to treat patients there). Furthermore, the Applicant intends to offer patients pain management procedures with sedation two (2) days per week. It would not be practical for the pain management specialist to be off-site two (2) days per week, as the EPC pain management specialist is required to be onsite at the EPC clinic location to perform certain onsite medical director functions required by the State of Tennessee Pain Management Clinic rules, regulations and guidelines. Moreover, the pain management specialists must be available to provide necessary supervision and consultation to EPC's advance practice clinicians. If the procedure room is located on-site, as proposed, the pain management specialist will be available to provide the requisite supervision between procedures.

More generally, in contrast to any of the multi-specialty facilities, the Applicant's proposed single specialty ASTC will provide a narrower scope of procedures performed in the ASTC setting, allowing for more specialized care, which will result in high patient satisfaction due to smaller and more personalized medical teams who focus only on pain management procedures. The proposed ASTC will have the appropriate equipment and technology (C-Arm and Radio Frequency Ablation machine) to perform pain management procedures and can tailor efficient and flexible scheduling to fit patient needs and physician availability.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An Applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An Applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing

services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the Applicant's proposed Service Area or within the Applicant's facility are demonstrated to be currently utilized at 70% or above. An Applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

Response: The Applicant projects that it will perform 2250 pain management procedures in Year One of its operations. In Year Two of the ASTC's operations, the total pain cases are projected to exceed 2500. The projected number of cases are summarized in the chart below:

	Year 1	Year 2
Cases	2250	2500
# of Procedure Rooms	1	1
Cases per Procedure Room	2250	2500
Optimum Utilization (70% of Full Capacity)	1,867	1,867
% of Maximum Capacity (based on ASTC open 2 days x 9hrs x 50 wks)	83.3%	92.6%

The average pain management procedure takes approximately 10 minutes, with an additional 10 minutes for preparation and clean up. Operating 100 days per year and 9 hours per day, the Applicant projects % utilization of its one procedure room by the end of its first year of operation, exceeding optimal usage under the State Health Plan.

EPC pain management specialists would refer patients from the EPC Oak Ridge and Knoxville clinics to the ASTC in an effort to improve the quality and safety of the pain management procedures of these patients through the use of intravenous sedation to allow them to perform higher acuity procedures and improve patient receptivity to, and satisfaction and comfort, with the procedures. Currently, the EPC patient population receives substantially all of its pain management procedures on an office-based basis in the EPC clinics, so none of the other existing facilities will be affected by the establishment of Applicant's ASTC. The new ASTC would have no impact upon existing service providers and their referral patterns, as it is a practice-based single specialty ASTC, designed to serve EPC patients and its pain management specialists.

The proposed ASTC will be adjacent to the EPC Oak Ridge location. It is approximately 16 miles from the EPC Knoxville clinic location.

Other Standards and Criteria

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

Response: The vast majority of the population of the Service Area will be less than an hour's drive from the proposed ASTC. Anderson County comprises 57% of the projected patient population for the ASTC. Together with the Knox County patient volume, the Applicant estimates that approximately

81% or more of the patient population will be within less than 30 minutes' drive time of the proposed ASTC. The average mileage and travel time in the service area is as follows:

From	% of Patient Population	Travel to proposed ASTC	
		Miles	Drive Time
Anderson County	57%	N/A	N/A
Knox County	24%	16	28 min
Campbell County	9%	41.1	69 min.
Roane County	2%	30.1	42 min.
Loudon County	5%	34.0	38 min.
Monroe County	3%	59.3	73 min.

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

Response: The city of Oak Ridge does not provide public transportation; however, the East Tennessee Human Resource Agency (ETHRA) serves Oak Ridge and offers scheduled door-to-door transportation for approximately 30% of the EPC patients at its Oak Ridge clinic.

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

Response: Based upon the historic utilization data for the physicians who will invest in or otherwise utilize the surgery center to perform operations or procedures, the percentage of patients from each county in the Service Area is estimated as follows:

Anderson	57%
Knox	24%
Campbell	9%
Loudon	5%
Monroe	3%
Roane	2%

Total population of the Service Area is 743,735, according to the Tennessee Department of Health Division of Health Statistics. See County Population Charts in Section 4.A.2 on page 26 below. The Applicant anticipates that EPC pain management specialists will use the ASTC to treat patients for injuries and conditions arising from a wide range of circumstances, including those who suffer injuries from work, athletic participation, accidents or other trauma, as well as conditions arising from natural causes. The Applicant's patients will include adults of any age. The demographics of the Service Area population by County are as follows (shown in percentages):

County	Female	Male	Caucasian	African American	Hispanic	Other Ethnicity
Anderson	51.3	48.7	88.9	4.1	3.2	3.8
Knox	51.4	48.6	82	8.9	4.6	4.5
Campbell	50.9	49.1	96.1	0.5	1.6	1.8
Loudon	50.7	49.3	87.1	1.6	9.2	2.1
Monroe	50.2	49.8	90.8	2.2	4.6	2.4
Roane	50.9	49.1	92.5	2.7	2	2.8

The Applicant anticipates providing services to patients from largely rural areas of East Tennessee within a 30-to-60-minute drive of its Oak Ridge location, although the number of such operations and procedures should not be significant.

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

Response: In Year One of operations, the Applicant projects performing 2250 pain management procedures. In Year Two, the Applicant anticipates 2500 total pain management procedures. The projections are based on the projected growth rates of 5 additional pain procedures per week for the EPC practices located in Oak Ridge and Knoxville, with Knoxville patients projected to be more willing to travel to the ASTC as the Knoxville pain management specialist grows his practice and performs additional procedures in the ASTC one day per week.

Time Period	Projected Cases	Total Cases
<i>Year 1</i>		2250
Quarter 1	500	
Quarter 2	540	
Quarter 3	600	
Quarter 4	610	
<i>Year 2</i>		2500
Quarter 5	610	
Quarter 6	620	
Quarter 7	630	
Quarter 8	640	

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An Applicant should be or agree to become accredited by any accrediting organizations approved by the Centers for Medicare and Medicaid Services such as Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

Response: Oak Ridge Surgery Center plans to become accredited by the Accreditation Association for Ambulatory Health Care.

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

Response: Currently, the Applicant anticipates that the ASTC will be used initially by two (2) EPC board-certified pain management specialists, Dr. Todd Ussery and Dr. Timothy Bunker. Physician users of the ASTC must qualify as “pain management specialists” as defined in Tennessee law applicable to pain management clinics. Anesthesia providers will be certified registered nurse anesthetists. Nursing and ancillary medical training programs at the University of Tennessee, South College, and Pellissippi State Community College maintain quality programs that ensure the availability of appropriately qualified staff to provide medical and technical support services. Additionally, the Applicant intends to execute a management agreement with Capital Surgical Partners, LLC to provide comprehensive day-to-day management services. Those services will include staffing the ASTC. Capital Surgical Partners has many years of experience in managing the operations of surgery centers throughout the country.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, “Every citizen should have reasonable access to health care,” the HSDA may decide to give special consideration to an Applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Service Administration;

Response: The location of the ASTC will be in Anderson County, Tennessee, which is considered an MUP Low Income area designated by the United States Health Resources and Services Administration. Campbell County is also designated as an MUP Low Income area.

Other Medically Underserved Areas in the Service Area are: Monroe County; Roane County; Loudon County; Knox County Service Areas (03246; 03247; 03263)

- b. Who is a “safety net hospital” or a “children’s hospital” as defined by the Bureau of TennCare Essential Access Hospital payment program;

Response: Not applicable

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

Response: The Applicant intends to contract with UHC and BCBST TennCare managed care organizations for TennCare patients and to participate in the Medicare program, as well as with Medicare Advantage payers.

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The Applicant shall provide in its application

information supporting the additional time required per Case and the impact on the need standard.

Response: The Applicant anticipates performing 2250 pain management procedures, occupying the procedure rooms an average of 20 minutes per procedure, inclusive of preparation and clean up. The Applicant projects 2500 pain management procedures in Year Two. Assuming operation at 100 days per year and 9 hours per day, the ASTC facility should be utilized at 83.33% in Year One and 92.6% in Year Two, easily meeting the needs standard in the State Health Plan.

- Describe how this project relates to existing facilities or services operated by the Applicant including previously approved Certificate of Need projects and future long-range development plans.

Response: The Applicant has no previously approved projects. Since EPC has a Cleveland clinic which is 82 miles away from the proposed ASTC location, the owners of the Applicant are considering developing an ASTC adjacent to the Cleveland clinic to offer Cleveland EPC patients convenient access to an ASTC as well.

- Identify the proposed Service Area and provide justification for its reasonableness. Submit a county level map for the Tennessee portion of the Service Area using the map on the following page, clearly marked and shaded to reflect the Service Area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-3.**

Response: Based on the EPC clinic patient data, the Applicant’s Service Area consists of Anderson, Knox, Roane, Loudon, Monroe, and Campbell counties. The Service Area is reasonable in that the vast majority of patients—likely over 80%—reside within a 30-minute drive of the proposed ASTC and currently travel to the EPC clinics in Oak Ridge and Knoxville for pain management services. The Facility will use anesthesia services (IV conscious sedation) to offer the EPC pain management specialists the ability to perform pain-free, higher acuity cases in a pain-free in a safer, dedicated environment for its patients, as compared to office-based procedures. Further, the Applicant’s sound financial position and commitment to quality patient care through both accreditations, highly qualified physicians and internal quality measures ensures that the ASTC project is financially feasible and contributes to the orderly development of health care in the Service Area.

Complete the following utilization tables for each county in the Service Area, if applicable:

Service Area Counties	Projected Utilization-County Residents – Year 1 (YEAR = 2021)	% of total <input checked="" type="checkbox"/> procedures <input type="checkbox"/> cases <input type="checkbox"/> patients <input type="checkbox"/> Other _____.
Anderson	1283	57%
Knox	540	24%
Campbell	202	9%
Loudon	112	5%
Monroe	68	3%
Roane	45	2%
Total	2250	100%

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

Response: While a majority of patients receiving pain management procedures are 50 years or older, the target age group is adults age 18 and older. The demographics of the Service Area are summarized in the table below. The median age is 43.45 years which is older than the TN median age of 38.6 years. TennCare enrollee, within the Service Area total 137,910 representing almost 19% of the total Service Area population, and the ASTC will serve this population. TennCare enrollment data below current as of May 2020 (the last month available online as of the date of this filing).

- 2) Provide the following data for each county in the Service Area using current and projected population data from the Department of Health (<https://www.tn.gov/content/tn/health/health-program-areas/statistics/health-data/com.html>), the most recent enrollee data from the Division of TennCare (<https://www.tn.gov/tenncare/information-statistics/enrollment-data.html>), and US Census Bureau demographic information (<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>)

TennCare Enrollment Data: <https://www.tn.gov/tenncare/information-statistics/enrollment-data.html>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml> **[NOTE: this no longer exists – now located at <https://data.census.gov/cedsci/>]**

Demographic Variable/ Geographic Area	Department of Health/Health Statistics							Census Bureau				TennCare	
	Total Population-Current Year 2020	Total Population-Projected Year 2024	Total Population-% Change	Target Population-Current Year 2020	Target Population-Project Year 2024	Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Knox	472,696	488,136	3.3%	370,494	382,953	3.4%	78.45%	37.3	52,458	71,461	15.1%	77,830	16.47%
Anderson	77,227	78,241	1.3%	61,601	62,616	1.6%	80.03%	43.3	47,206	12,246	15.9%	16,498	21.36%
Loudon	54,039	56,310	4.2%	43,937	46,053	4.8%	81.78%	47.1	55,431	6,652	12.3%	8,861	16.40%
Campbell	39,867	39,823	-0.1%	31,966	32,136	0.5%	80.70%	43.5	35,377	8,387	21.0%	12,061	30.25%
Monroe	47,087	47,949	1.8%	37,563	38,705	3.0%	80.72%	43.0	36,931	9,082	18.9%	11,372	24.15%
Roane	52,819	52,535	-0.5%	43,195	43,180	0.0%	82.19%	46.5	45,407	8,344	15.8%	11,288	21.37%
Service Area Total	743,735	762,994	2.5%	588,756	605,643	2.8%	79.38%	43.45	45,485	116,172	16.6%	137,910	18.54%
State of TN Total	6,883,347	7,097,353	3.1%	5,348,605	5,530,388	3.4%	77.92%	38.6	48,708	1,130,591	16.4%	1,432,200	20.81%

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-17. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2019, then default Projected Year is 2023.

- 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, TennCare or Medicaid recipients, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the Service Area population.

Response: The counties in the Service Area include substantial TennCare populations. The proposed ASTC will participate in the TennCare program to serve this population. EPC’s pain management specialists who utilize the ASTC currently provide charity care to patients who cannot pay pursuant to existing EPC financial policies. The Applicant intends to do the same. Finally, the proposed ASTC will be accessible to all individuals in the Service Area, including those over 65, women, and racial and ethnic minorities.

- 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 include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn’t apply to projects that are solely relocating a service.

Response: There are seven existing and approved surgery centers in the Service Area that have performed pain management cases within the last three years. Each is listed in the table below, along with its utilization for pain management procedures. The table below shows that since 2017 the percentage of pain management cases performed in the procedure rooms of existing ASTC’s is trending downward providing evidence that the existing multispecialty ASTCs are doing less pain management procedures over time, as most are orthopedic pain procedures performed in an operating room. None of the existing ASTCs with procedure rooms are viable alternatives to the proposed ASTC.

ATSC	County	Single or Multi-Specialty	# OR	# PR	OR Cases	PR Cases	Total Cases	Pain Cases	Pain as a % of Total	% of capacity OR	% of capacity PR
2017											
Advanced Family	Anderson	Multi	4	1	3314	0	3314	23	0.69%	65.60%	0.00%
Parkwest	Knox	Multi	5	1	3429	1997	5426	1997	36.80%	54.30%	74.88%
Physicians	Knox	Multi	5	0	4253	0	4253	1184	27.84%	67.35%	N/A
Knoxville Orthopaedic	Knox	Multi	6	1	5527	4341	9868	4341	43.99%	72.93%	162.77%
Fort Sanders West	Knox	Multi	4	0	2414	0	2414	1307	54.14%	47.78%	N/A
Knox Multi-Specialty Subtotal					15623	6338	21961	8829	40.20%		
PCET	Knox	Single	1	0	5705	0	5705	5705	100.00%	451.70%	N/A
Smoky Mountain	Knox	Single	0	1	0	230	230	230	100.00%	N/A	8.62%
Knox Single-Specialty Subtotal					5705	230	5935	5935	100.00%		
Service Area TOTAL					24642	6568	31210	14787	47.38%	78.04%	61.57%
2018											
Advanced Family	Anderson	Multi	4	1	3195	0	3195	2	0.06%	63.24%	0.00%
Parkwest	Knox	Multi	5	1	3624	1121	4745	1121	23.62%	57.39%	42.03%
Physicians	Knox	Multi	5	0	4594	0	3721	848	22.79%	72.75%	N/A
Knoxville Orthopaedic	Knox	Multi	6	1	5441	4772	10213	4772	46.72%	71.80%	178.93%

Fort Sanders West	Knox	Multi	4	0	2830	0	2830	1101	38.90%	56.02%	N/A
Knox Multi-Specialty Subtotal					16489	5893	21509	7842	36.46%		
PCET	Knox	Single	1	0	5811	0	5811	5811	100.00%	460.10%	N/A
Smoky Mountain	Knox	Single	0	1	0	186	186	186	100.00%	N/A	6.97%
Knox Single-Specialty Subtotal					5811	186	5997	5997			
Service Area TOTAL					25495	6079	30701	13841	45.08%	80.74%	56.98%
2019											
Advanced Family	Anderson	Multi	4	1	3338	0	3338	0	0.00%	66.07%	0.00%
Parkwest	Knox	Multi	5	1	3678	964	4642	964	20.77%	58.24%	36.15%
Physicians	Knox	Multi	5	0	4215	0	4215	972	23.06%	66.75%	N/A
Knoxville Orthopaedic	Knox	Multi	8	1	5787	5241	11028	5241	47.52%	57.27%	196.51%
Fort Sanders West**	Knox	Multi	4	1	1703	367	2070	604	29.18%	33.71%	13.76%
Knox Multi-Specialty Subtotal					15383	6205	21955	7781	35.44%		
PCET	Knox	Single	1	0	6044	0	6044	6044	100.00%	478.54%	N/A
Smoky Mountain	Knox	Single	0	1	0	183	183	183	100.00%	N/A	6.86%
Knox Single-Specialty Subtotal					6044	183	6227	6227	100.00%		
Service Area TOTAL					24765	6388	31520	14008	44.44%	72.62%	59.77%
(Excluding Advanced Family)***											79.84%

*OR Capacity = 1,263 cases per OR and PR capacity is 2,667 cases per PR

** As of June 2019, Fort Sanders West was converted to a single-specialty ASTC, the Urologic Surgery Center of Knoxville, and no longer performs any pain procedures. Because Fort Sanders West is no longer a multi-specialty ATSC, its procedure room capacity was not calculated in the Service Area total for percentage of procedure room capacity.

***If Advanced Family's procedure room capacity is excluded, as the procedure room appears never to have been utilized based upon 2017 – 2019 JAR reports, the percent of procedure room capacity for the Service Area is 79.84% of maximum capacity.

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

Response: This is a new proposed facility, so there is no historical data. The projected utilization for the first two years is reflected in the Projected Data chart on Page 36. Dr. Todd Ussery is the sole member of Elite Pain Consultants, PLLC (EPC), which operates three (3) licensed pain management clinics in Oak Ridge, Knoxville and Cleveland. EPC patients from Oak Ridge and Knoxville clinics will be the primary utilizers of the ASTC. EPC opened the Knoxville clinic in June 2018 and the Oak Ridge clinic in late August 2018. In 2019, EPC pain management specialists performed approximately 60 higher acuity pain management procedures per week (approximately 2400 to 3000 procedures per year) in the EPC offices in Knoxville and Oak Ridge. Since these clinics will be the primary referral source to the proposed ASTC, the Applicant has assumed that the ASTC would serve the same EPC patients and have the same insurance payor mix. While not all of these procedures will move to the

ASTC, the Applicant conservatively estimates that at least 95% of the office-based procedures performed in Oak Ridge will be performed in the ASTC based upon patients' expressed preference in having the procedures performed with conscious sedation. Approximately 50% of the Knoxville patients are projected to come to the Oak Ridge facility for procedures in the ASTC. Further, the Applicant anticipates that EPC patients who have foregone office-based interventional pain management procedures will be far more likely to undergo the procedure in the ASTC, which offers anesthesia for pain-free treatment.

ECONOMIC FEASIBILITY

The responses to this section of the application will help determine whether the project can be economically accomplished and maintained.

1. Project Cost Chart Instructions

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

Response: The anticipated cost of the project is approximately \$912,090.00.

- B. 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.

Response: The cost of the lease, exclusive of the build-out is anticipated to be approximately \$210,690.00. The cost for the build-out for the ASTC should be approximately \$348,400.

- 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.

Response: The cost for fixed and moveable equipment will be finalized after approval of the project. Equipment over \$72,000 will be on a lease/purchase agreement of 5 years with \$1 buyout. The bulk of equipment cost is for a C-Arm imaging machine, a C-Arm table, and a Radio Frequency Ablation Machine. The best estimates based on pain management and one procedure room are listed in the Construction Cost Chart.

- D. The Total Construction Cost reported on line 5 should equal the Total Cost reported on the Square Footage Chart.

Response: Please see Square Footage Chart, Page 14 herein.

- 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;
- 3) A description of the status of the site's suitability for the proposed project; and
- 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 or comparable document in current use by the licensing authority.

Response: A letter from the Architect regarding Reasonability of Scope and Project Cost for the center is included as **Attachment Section C, Feasibility 1.**

PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees	\$65,000	
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$50,000	
3. Acquisition of Site		
4. Preparation of Site		
5. Total Construction Costs	\$348,400	
6. Contingency Fund	\$40,000	
7. Fixed Equipment (Not included in Construction Contract)	\$15,000	
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)	\$26,000	
9. Other (Specify) _____		
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive of building and land)	\$210,690 (5 yr lease)	
2. Building only		
3. Land only		
4. Equipment (Specify) _____	\$72,000	
5. Other (Specify) _____		
C. Financing Costs and Fees:		
1. Interim Financing	\$20,000	
2. Underwriting Costs		
3. Reserve for One Year's Debt Service	\$50,000	
4. Other (Specify) _____		
D. Estimated Project Cost (A+B+C)	\$897,090	
E. CON Filing Fee	\$15,000	
F. Total Estimated Project Cost (D+E)	TOTAL	\$912,090

2. Identify the funding source(s) 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 Section B-Economic Feasibility-2.)

- A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
 - B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
 - C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
 - D. Grants – Notification of intent form for grant application or notice of grant award;
 - E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
 - F. Other – Identify and document funding from all other sources.
3. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart(s) provide revenue and expense information for the last *three (3)* years for which complete data is available. The “Project Only Chart” provides information for the services being presented in the proposed project while the “Total Facility Chart” provides information for the entire facility. Complete both, if applicable.

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

Response: Not Applicable

HISTORICAL DATA CHART

- Project Only
- Total Facility

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

	Year _____	Year _____	Year _____
A. Utilization Data			
Specify Unit of Measure _____	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	\$ _____	\$ _____	\$ _____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	\$ _____	\$ _____	\$ _____
NET OPERATING REVENUE	\$ _____	\$ _____	\$ _____
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	_____	_____	_____
b. Non-Patient Care	_____	_____	_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Rent			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
5. Management Fees:			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses (D6)	_____	_____	_____
Total Operating Expenses	\$ _____	\$ _____	\$ _____
E. Earnings Before Interest, Taxes and Depreciation	\$ _____	\$ _____	\$ _____
F. Non-Operating Expenses			
1. Taxes	\$ _____	\$ _____	\$ _____
2. Depreciation	_____	_____	_____
3. Interest	_____	_____	_____
4. Other Non-Operating Expenses	_____	_____	_____
Total Non-Operating Expenses	\$ _____	\$ _____	\$ _____
NET INCOME (LOSS)	\$ _____	\$ _____	\$ _____

Chart Continues Onto Next Page

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

- Project Facility
- Total Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER OPERATING EXPENSES CATEGORIES (D6)</u>	Year _____	Year _____	Year _____
1. <u>Professional Services Contract</u>	\$ _____	\$ _____	\$ _____
2. <u>Contract Labor</u>	_____	_____	_____
3. <u>Imaging Interpretation Fees</u>	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
*Total Other Expenses	\$ _____	\$ _____	\$ _____

**Total other expenses should equal Line D.6. In the Historical Data Chart*

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

Projected Data Chart(s) provide information for the two years following the completion of the project. The “Project Only Chart” should reflect revenue and expense projections for the project (*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 “Total Facility Chart” should reflect information for the total facility. Complete both, if applicable.

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.

PROJECTED DATA CHART

Project Only
 Total Facility

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

	Year <u>2021</u>	Year <u>2022</u>
A. Utilization Data		
Specify Unit of Measure: <u> Cases </u>	<u>2250</u>	<u>2500</u>
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u> </u>	\$ <u> </u>
2. Outpatient Services	<u>5,064,750</u>	<u>5,627,500</u>
3. Emergency Services	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>	<u> </u>	<u> </u>
Gross Operating Revenue	\$ <u>5,064,750</u>	\$ <u>5,627,500</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>3,422,004</u>	\$ <u>3,838,652</u>
2. Provision for Charity Care	<u>50,648</u>	<u>56,275</u>
3. Provisions for Bad Debt	<u>75,971</u>	<u>84,413</u>
Total Deductions	\$ <u>3,548,623</u>	\$ <u>3,979,340</u>
NET OPERATING REVENUE	\$ <u>1,516,127</u>	\$ <u>1,648,160</u>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>325,137</u>	<u>361,275</u>
b. Non-Patient Care	<u>212,595</u>	<u>236,225</u>
2. Physician's Salaries and Wages	<u>n/a</u>	<u>n/a</u>
3. Supplies	<u>211,500</u>	<u>235,000</u>
4. Rent		
a. Paid to Affiliates	<u>41,400</u>	<u>41,400</u>
b. Paid to Non-Affiliates	<u> </u>	<u> </u>
5. Management Fees:		
a. Paid to Affiliates	<u>75,806</u>	<u>82,408</u>
b. Paid to Non-Affiliates	<u> </u>	<u> </u>
6. Other Operating Expenses (D6)	<u>128,285</u>	<u>133,510</u>
Total Operating Expenses	\$ <u>994,723</u>	\$ <u>1,089,818</u>
E. Earnings Before Interest, Taxes and Depreciation	\$ <u>521,404</u>	\$ <u>558,342</u>
F. Non-Operating Expenses		
1. Taxes	\$ <u>26,005</u>	\$ <u>26,694</u>
2. Depreciation	<u>29,000</u>	<u>28,500</u>
3. Interest	<u>25,000</u>	<u>22,500</u>
4. Other Non-Operating Expenses	<u>n/a</u>	<u>n/a</u>
Total Non-Operating Expenses	\$ <u>80,005</u>	\$ <u>77,694</u>
NET INCOME (LOSS)	\$ <u>441,399</u>	\$ <u>480,648</u>

Chart Continues Onto Next Page

NET INCOME (LOSS)	\$ 441,399	\$ 480,648
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$	\$
2. Annual Capital Expenditure	<u>30,000</u>	<u>30,000</u>
Total Other Deductions	\$ 30,000	\$ 30,000
332,197 NET BALANCE	\$ 411,399	\$ 450,648
DEPRECIATION	\$ 29,000	\$ 28,500
FREE CASH FLOW (Net Balance + Depreciation)	\$ 440,399	\$ 479,148

- Project Facility
 Total Only

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER OPERATING EXPENSES CATEGORIES</u>	<u>Year 2021</u>	<u>Year 2022</u>
(D6)		
1. <u>Professional Services Contract</u>	<u>\$ 25,657</u>	<u>\$ 26,800</u>
2. <u>Utilities</u>	<u>18,000</u>	<u>18,540</u>
3. <u>Dues and License</u>	<u>6,000</u>	<u>6,000</u>
4. <u>Purchased Services</u>	<u>20,000</u>	<u>20,000</u>
5. <u>General and Administrative</u>	<u>28,250</u>	<u>29,500</u>
6. <u>Building and Equipment Maintenance</u>	<u>21,400</u>	<u>22,800</u>
7. <u>All Other Expenses</u>	<u>8,978</u>	<u>9,870</u>
*Total Other Expenses	\$ 128,285	\$ 133,510

**Total other expenses should equal Line D.6. In the Projected Data Chart*

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 Charts for Year 1 and Year 2 of the proposed project. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart

	Previous Year to Most Recent Year ____	Most Recent Year ____	Year One Year 2021	Year Two Year 2022	% Change (Current Year to Year 2)
Gross Charge (Gross Operating Revenue/Utilization Data)	N/A	N/A	\$2,251.00	\$2,274.76	< 2%
Deduction from Revenue (Total Deductions/Utilization Data)	N/A	N/A	\$1,577.17	\$1,592.33	< 2%
Average Net Charge (Net Operating Revenue/Utilization Data)	N/A	N/A	\$673.83	\$682.43	< 2 %

Total Facility Chart

	Previous Year to Most Recent Year ____	Most Recent Year ____	Year One Year ____	Year Two Year ____	% Change (Current Year to Year 2)
Gross Charge (Gross Operating Revenue/Utilization Data)	N/A	N/A	N/A	N/A	N/A
Deduction from Revenue (Total Deductions/Utilization Data)	N/A	N/A	N/A	N/A	N/A
Average Net Charge (Net Operating Revenue/Utilization Data)	N/A	N/A	N/A	N/A	N/A

- 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.

Response: The proposed charges for the project are reasonable and competitive in the pain management outpatient context. The Applicant is a new entity and has no existing patient charges.

- C. Compare the proposed charges to those of similar facilities/services in the Service Area/adjoining Service Areas, or to proposed charges of recently approved Certificates of Need. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: The proposed average gross charge, average deduction and average net charge are reflected above. These are commercially reasonable and are similar to or lower than the 2019 average net charges of all existing pain management ASTC's in the area. The 2019 average net charges of the existing pain management ASTCs in the Service Area are reflected below:

AVERAGE NET CHARGE FOR SINGLE SPECIALTY ASTCs PERFORMING PAIN PROCEDURES AND MULTI-SPECIALTY ASTCs IN 2019

<u>Facility</u>	<u>County</u>	<u>Single or Multi-Specialty</u>	<u>Performs Pain Procedures?</u>	<u>Total Net Revenue</u>	<u>Total Cases</u>	<u>Net Revenue Per Case</u>
Parkwest	Knox	M	Y	\$ 11,807,541	4,642	\$ 2,543.63
Physicians	Knox	M	Y	\$ 8,366,922	4,215	\$ 1,985.03
Knoxville Orthopaedic	Knox	M	Y	\$ 17,893,708	11,028	\$ 1,622.57
Advanced Family	Anderson	M	N	\$ 5,905,771	3,338	\$ 1,769.25
Children's West	Knox	M	N	\$ 6,683,607	5,183	\$ 1,289.52
Fort Sanders West*	Knox	M*	N	\$ 1,256,296	2,070	\$ 606.91
PCET	Knox	S	Y	\$ 4,005,123	6,044	\$ 662.66
Smoky Mountain	Knox	S	Y	\$ 390,549	183	\$ 2,134.15

Source: 2019 Joint Annual Reports

* Fort Sanders West was converted to a single-specialty urology ASTC in mid-2019, which is not reflected on the 2019 JAR Report.

6. A. Discuss how projected utilization rates will be sufficient to support financial performance.

- 1) Noting when the project's financial breakeven is expected, and
- 2) Demonstrating the availability of sufficient cash flow until financial viability is achieved.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-6A**

Response: Southern Heritage Bank has agreed to fund 100% of the project costs for the ASTC. The Bank funding will allow for sufficient case flow until financial viability is achieved. Based on projected utilization rates, the proposed ASTC is expected to reach its breakeven point in the first year and generate a 30% profit margin in Years One and Two. Applicant will provide a copy of the Bank letter as **Attachment Section B-Economic Feasibility – 6A** as soon as the Bank president returns to work and can supply it.

B. Net Operating Margin Ratio: The 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 tables. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart

Year	2nd Previous Year to Most Recent Year _____	1st Previous Year to Most Recent Year _____	Most Recent Year _____	Projected Year 1 Year <u>2021</u>	Projected Year 2 Year <u>2022</u>
Net Operating Margin Ratio	N/A	N/A	N/A	0.3200	0.3241

Total Facility Chart

Year	2nd Previous Year to Most Recent Year _____	1st Previous Year to Most Recent Year _____	Most Recent Year _____	Projected Year 1 Year _____	Projected Year 2 Year _____
Net Operating Margin Ratio	N/A	N/A	N/A	N/A	N/A

- C. Capitalization Ratio: The Long-term debt to capitalization ratio 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 self or parent company funded projects, provide the capitalization ratio using the most recent year available from the funding entity’s audited balance sheet, if applicable. Capitalization Ratios are not expected from outside the company lenders that provide funding. **This question is applicable to all applications regardless of whether or not the project is being partially or totally funded by debt financing.**

Response: This facility does not currently have a capitalization ratio to report.

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. 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. Complete Project Only Chart and Total Facility Chart, if applicable.

Applicant’s Projected Payor Mix, Year 1
Project Only Chart

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$2,279,138	45%
TennCare/Medicaid	\$506,475	10%
Commercial/Other Managed Care	\$1,772,663	35%

Self-Pay	\$101,295	2%
Other (Specify) <u>Worker's Comp</u>	\$354,532	7%
Charity Care	\$50,647	1%
Total	\$5,064,750	100%

*Needs to match Gross Operating Revenue Year One on Projected Data Chart

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 (FTEs) positions for these positions. 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, such as the US Department of Labor. Wage data pertaining to healthcare professions can be found at the following link: https://www.bls.gov/oes/current/oes_tn.htm.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
<i>RN/LPN</i>		2.0	30.00	28.41*
<i>Scrub Techs</i>		1.0	23.00	22.66*
<i>First Assistant</i>		0	26.00	26.18*
<i>Radiology Tech</i>		1	24.00	24.05*
<i>Patient Care/Pre-testing</i>		1	26.00	28.47*
Total Direct Patient Care Positions		5	26.60	25.95

B. Non-Patient Care Positions				
<i>Director</i>		0	49.00	48.87*
<i>Business Office Mngr.</i>		1	29.00	30.45**
<i>Clinical Director</i>		1	40.38	43.51**
<i>Material Mngr.</i>		0	24.00	17.68*
<i>Desk/Reception/Sched</i>		1	16.00	12.37***
<i>CSP Techs</i>		0	24.50	17.68*
<i>Biller</i>		0	19.00	21.50***
Total Non-Patient Care Positions		3	28.46	28.77
Total Employees (A+B)		8	27.30	27.36
C. Contractual Staff				
Total Staff (A+B+C)		8	27.30	27.36

*Median Wage by TDOLWD website

**Average Wage by Indeed.com

***Average Wage by Salary.com

9. What alternatives to this project were considered? Discuss the advantages and disadvantages of each, including but not limited to:
- A. The availability of less costly, more effective and/or more efficient methods of providing the benefits intended by the project. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

Response: The alternatives to undertaking this project was for the EPC pain management specialist to continue providing pain management procedures in office without anesthesia, limiting the ability of such physician to treat recalcitrant patients and to perform higher acuity procedures and limiting the access of the patient to a pain-free procedure performed by the pain management specialist which manages the scope of their healthcare. Since pain management procedures are by their very nature painful, the lack of anesthesia support for patients undergoing these procedures in the office-based setting hinders the ability of the patient to remain immobile, increases the time necessary to perform the procedure and reduces the efficiency of the pain management specialist in performance of the procedure. EPC estimates that approximately 20% of its patients who would benefit from higher acuity interventional pain procedures as an alternative to opioid therapy refuse treatment because anesthesia is not available in the office setting. Those patients are unwilling to seek care from another provider other than the pain management specialist who provides comprehensive care and complex medical decision-making to determine the appropriateness of various opioid-sparing alternatives. The only other single specialty ASTC which performs pain management services in the Service Area with available capacity, Smoky Mountain Ambulatory Surgical Center, no longer provides services to Medicare Advantage patients and does not participate in the EPC payor networks, including most TennCare MCOs.

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

Response: No ground up new construction is involved in this project.

QUALITY STANDARDS

1. Per PC 1043, Acts of 2016, any receiving a CON after July 1, 2016 must report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures. Please verify that annual reporting will occur.

Response: The Applicant will report on quality measures annually to the HSDA as prescribed by the Agency.

2. Quality-The the proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions:

- A. Does the Applicant commit to the following?

- 1) Maintaining the staffing comparable to the staffing chart presented in its CON application;

Response: Yes

- 2) Obtaining and maintaining all applicable state licenses in good standing;

Response: Yes

- 3) Obtain and maintaining TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

Response: Yes

- 4) For an existing healthcare institution applying for a CON - Has it 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 should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the Applicant has or will put into place to avoid similar findings in the future.

Response: Not Applicable

- 5) For an existing healthcare institution applying for a CON - Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility)

Response: Not Applicable

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

- 1) Has any of the following:

- a. Any person(s) or entity with more than 5% ownership (direct or indirect) in the Applicant (to include any entity in the chain of ownership for Applicant);
- b. Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the Applicant (to include any entity in the chain of ownership for Applicant) has an ownership interest of more than 5%; and/or
- c. Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the Applicant (to include any entity in the chain of ownership for Applicant) has an ownership interest of more than 5%.

- 2) Been subjected to any of the following:

- a. Final Order or Judgment in a state licensure action;

Response: No

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

Response: No

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

Response: No

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

Response: No

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

Response: No

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

Response: No

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

Response: No

- h. Is presently subject to a corporate integrity agreement.

Response: No

- C. Does the Applicant plan, within 2 years of implementation of the project, to participate in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve?

Response: Yes

Note: Existing licensed, accredited and/or certified providers are encouraged to describe their process for same.

Please complete the chart below on accreditation, certification, and licensure plans.

- 1) If the Applicant does not plan to participate in these types of assessments, explain why since quality healthcare must be demonstrated.

Credential	Agency	Status (Active or Will Apply)
Licensure	<input checked="" type="checkbox"/> Health	Will Apply
	<input type="checkbox"/> Intellectual and Developmental Disabilities	
	<input type="checkbox"/> Mental Health and Substance Abuse Services	
Certification	<input checked="" type="checkbox"/> Medicare <input checked="" type="checkbox"/> Medicaid/TennCare	Will Apply

	<input type="checkbox"/> Other _____	
Accreditation	AAAHC	Will Apply

2) Based upon what was checked/completed in above table, will the Applicant accept a condition placed on the certificate of need relating to obtaining/maintaining license, certification, and/or accreditation?

Response: Yes

D. The following list of quality measures are service specific. Please indicate which standards you will be addressing in the annual Continuing Need and Quality Measure report if the project is approved.

X	For Ambulatory Surgical Treatment Center projects: Estimating the number of physicians by specialty expected to utilize the facility, developing criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documenting the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site?
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Response: The proposed ASTC will be utilized primarily by Dr. Todd Ussery, a pain management specialist who is the 100% owner of EPC, although EPC's other second pain management specialist, Dr. Timothy Bunker will also utilize the facility when Knoxville patients request that he, rather than Dr. Ussery, perform the procedure. The surgical and anesthesia privileges will be overseen by the Medical Executive Committee and Governing Board. The policies and procedures to be adopted by the ASTC will outline that privileges will be extended only to fellowship trained, board certified pain management specialists. Qualified ancillary staff and nurses are available from local universities and surrounding area staff availability.

<input type="checkbox"/>	<p>For Cardiac Catheterization projects:</p> <ul style="list-style-type: none"> a. Documenting a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies; and b. Describing how the Applicant will agree to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee; and c. Describing how cardiology staff will be maintaining: d. Adult Program: 75 cases annually averaged over the previous 5 years; e. Pediatric Program: 50 cases annually averaged over the previous 5 years.
<input type="checkbox"/>	<p>For Open Heart projects:</p> <ul style="list-style-type: none"> f. Describing how the Applicant will staff and maintain the number of who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and maintain this volume in the future; g. Describing how at least a surgeon will be recruited and retained (at least one shall have 5 years experience);

	h. Describing how the Applicant will participate in a data reporting, quality improvement, outcome monitoring, and external assessment system that benchmarks outcomes based on national norms (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard).
<input type="checkbox"/>	For Comprehensive Inpatient Rehabilitation Services projects: Retaining or recruiting a physiatrist?
<input type="checkbox"/>	For Home Health projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system.
<input type="checkbox"/>	For Hospice projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system.
<input type="checkbox"/>	For Megavoltage Radiation Therapy projects: Describing or demonstrating how the staffing and quality assurance requirements will be met of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority.
<input type="checkbox"/>	For Neonatal Intensive Care Unit projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; document the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and participating in the Tennessee Initiative for Perinatal Quality Care (TIPQC).
<input type="checkbox"/>	For Nursing Home projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program.
<input type="checkbox"/>	<p>For Inpatient Psychiatric projects:</p> <ul style="list-style-type: none"> • Describing or demonstrating appropriate accommodations for: • Seclusion/restraint of patients who present management problems and children who need quiet space, proper sleeping and bathing arrangements for all patients); • Proper sleeping and bathing arrangements; • Adequate staffing (i.e. that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times); • A staffing plan that will lead to quality care of the patient population served by the project. • An existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; and • If other psychiatric facilities are owned or administered, providing information on satisfactory surveys and quality improvement programs at those facilities. <p>Involuntary admissions if identified in CON criteria and standard review</p>
<input type="checkbox"/>	For Freestanding Emergency Department projects: Demonstrating that it will be accredited with the Joint Commission or other applicable accrediting agency, subject to the same accrediting standards as the licensed hospital with which it is associated.
<input type="checkbox"/>	For Organ Transplant projects: Describing how the Applicant will achieve and maintain institutional membership in the national Organ Procurement and Transportation Network

	(OPTN), currently operating as the United Network for Organ Sharing (UNOS), within one year of program initiation. Describing how the Applicant shall comply with CMS regulations set forth by 42 CFR Parts 405, 482, and 498, Medicare Program; Hospital Conditions of Participation: Requirements for Approval and Re-Approval of Transplant Centers To Perform Organ Transplants.
<input type="checkbox"/>	For Relocation and/or Replacement of Health Care Institution projects: Describing how facility and/or services specific measures will be met.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

The responses to this section of the application helps determine whether the project will contribute to the orderly development of healthcare within the Service Area.

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, contractual agreements for health services.

Response: The ASTC plans to secure a transfer agreement with Methodist Medical Center and will have participation agreements with Blue Cross Blue Shield of Tennessee, Humana, Healthspring, Medicare, Aetna, Cigna, Alliant Health Plans, GEHA, PHCS Networks, Prime Health Services, POMCO, Coventry Commercial, Tricare Standard, Tricare For Life, United Healthcare, ChampVA, Workers' Compensation, and UHC and BCBST TennCare.

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 and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the Service Area of the project.

3. A. Positive Effects

Response: Since the proposed ASTC is a practice-based, single specialty facility serving only EPC patients, it will not adversely affect any existing facilities currently providing interventional pain management services. The proposed ASTC will instead make higher acuity, pain-free procedures with anesthesia assistance available to the EPC patient base. This will augment the interventional pain management care in the Service Area and have a positive, deterrent effect in addressing the opioid crisis by providing patient pain-free access to alternative interventional pain management procedures and therapies advocated by the EPC pain management specialist because they are opioid-sparing. The goal of the EPC pain management specialist is to decrease the opioid need for underserved TennCare patients, as well as Medicare, Medicare Advantage and commercial patients.

B. Negative Effects

Response: Since no other ASTCs in the Service Area will be negatively affected, Applicant believes that the overall effect of the proposed ASTC is extremely positive, increasing patient access and choice to interventional pain management procedures as an alternative to prescription opioids.

4. A. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee

licensing requirements, CMS, and/or accrediting agencies requirements, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Response: Given the size and number of health care providers in the Knoxville area, there is currently no shortage of qualified health care employees. Additionally, the Service Area contains numerous institutions, including the University of Tennessee, South College, Lincoln Memorial University, and Pellissippi State Community College, which supply health care workers to the area. The Applicant anticipates no problem in filling out its 5 FTE medical staff and 3 FTE administrative positions.

- B. Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

Response: The surgery center will be licensed by the State of Tennessee and will be AAAHC certified. The center will abide by the rules and regulations of Medicare and AAAHC and follow the policies and procedures that govern the center, in regard to clinical leadership, physician supervision, quality assurance, utilization review, record keeping, clinical staffing and staff education.

- 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.).

Response: The Applicant does not anticipate participation in the training of students at the center.

4. Outstanding Projects:

- A. Complete the following chart by entering information for each applicable outstanding CON by Applicant or share common ownership; and

Response: Not Applicable

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	
N/A					

* 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.

B. Describe the current progress, and status of each applicable outstanding CON.

Response: Not Applicable

5. 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)? _____

Response: No

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

Response: Not Applicable

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

Response: Not Applicable

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 <https://www.tn.gov/health/health-program-areas/health-planning/state-health-plan.html>) 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 Tennesseans.

Response: The Applicant proposes to establish a single specialty, practice-based ASTC providing pain management procedures to allow patients seeking relief from chronic pain to receive those treatments on an outpatient basis. By providing patient access to an ASTC with anesthesia/conscious sedation, the EPC pain management specialist will be able to offer complex, higher acuity cases. Moreover, the procedures which are currently offered in the office will be moved to the ASTC where anesthesia assistance will significantly decrease patient discomfort during the procedure and promote patient adherence to immobility instructions. And, recalcitrant patients who have declined pain management procedures due to fear of pain will now have access to anesthesia-assisted procedures. The increased efficiency, access and safety of these pain management procedures will contribute to the improvement of the health of people in the Service Area, and thus the health of the people in Tennessee.

2. Every citizen should have reasonable access to health care.

Response: Oak Ridge Surgery Center, LLC's ASTC will provide ready access to outpatient treatment for pain management procedures. The immediate access and lower cost when compared to procedures performed in the hospital setting should help Tennesseans in the Service Area achieve optimal health.

3. The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

Response: Outpatient procedures performed in a freestanding ATSC setting are undeniably less expensive than those performed in a hospital-based outpatient surgery center. Additionally, because utilization at the existing ASTCs in the Service Area which provide similar treatment in the proposed Service Area is so high, the development of the Applicant's new ASTC should promote choice, leading to greater economic efficiencies.

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

Response: The EPC pain management specialist who will invest in and utilize the ASTC is an experienced, board certified physician, respected in the medical community. He has reached the levels of respect by adhering to high quality standards and is committed to conservative, quality and safe alternative treatments to opioid prescriptions.

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

Response: By providing both experienced health care workers and recent graduates from area educational institutions employment in an ASTC setting, the Applicant will support this goal.

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.

Date LOI was Submitted: July 7, 2020

Date LOI was Published: July 7, 2020

NOTIFICATION REQUIREMENTS

1. T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the Applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the Applicant."
2. T.C.A §68-11-1607(c)(9)(B) states that "... If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the Applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested."

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.

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 CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital projects and 2 years for all others), please document why an extended period should be approved and document the “good cause” for such an extension.

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.

<u>Phase</u>	<u>Days Required</u>	<u>Anticipated Date [Month/Year]</u>
1. Initial HSDA decision date		10/2020
2. Architectural and engineering contract signed	30	11/2020
3. Construction documents approved by the Tennessee Department of Health	30	12/2020
4. Construction contract signed	30	01/2021
5. Building permit secured	30	02/2021
6. Site preparation completed	N/A	
7. Building construction commenced	1	02/2021
8. Construction 40% complete	30	03/2021
9. Construction 80% complete	20	04/2021
10. Construction 100% complete (approved for occupancy)	10	04/2021
11. *Issuance of License	30	05/2021
12. *Issuance of Service	30	06/2021
13. Final Architectural Certification of Payment	30	07/2021
14. Final Project Report Form submitted (Form HR0055)	30	08/2021

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

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

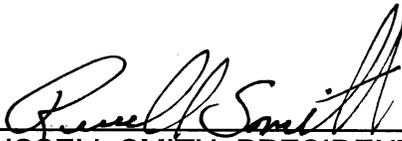
AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF KNOX

NAME OF FACILITY: OAK RIDGE SURGERY CENTER, LLC

I, RUSSELL SMITH, D.C., 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.



RUSSELL SMITH, PRESIDENT

Sworn to and subscribed before me, a Notary Public, this the 7th day of July, 2020, witness my hand at office in the County of Knox, State of Tennessee.



NOTARY PUBLIC

My commission expires July 26, 2022.



HF-0043

Revised 7/02

APPENDIX

Letter of Intent

Notification of Intent Publication

Miscellaneous (check copy)



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hstda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Oak Ridger which is a newspaper
(Name of Newspaper)
of general circulation in Anderson, Tennessee, on or before July 7, 2020,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Oak Ridge Surgery Center, LLC N/A
(Name of Applicant) (Facility Type-Existing)

owned by: Oak Ridge Surgery Center, LLC with an ownership type of Limited Liability Company

and to be managed by: Ally Healthcare, LLC intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: The establishment of a single specialty ambulatory surgical treatment center located at 101 Donner Drive, Anderson County, Tennessee 37830. The estimated cost for the project is approximately \$912,090.00 and the facility will seek licensure as an ambulatory surgical treatment center providing interventional pain management procedures and injections in one procedure room and no operating rooms.

The anticipated date of filing the application is: July 10, 2020

The contact person for this project is Patti T. Cotten
(Contact Name) (Title)

who may be reached at: London & Amburn, P.C. 607 Market Street, Suite 900
(Company Name) (Address)

Knoxville TN 37902 865 / 637-0203
(City) (State) (Zip Code) (Area Code / Phone Number)

Patti T. Cotten 07/02/20 patti@londonamburn.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

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

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUBLICATION OF INTENT

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Oak Ridge Surgery Center, a proposed ambulatory surgical treatment center to be owned by Oak Ridge Surgery Center, LLC, a limited liability company, and to be managed by Ally Healthcare, LLC, intends to file an application for a Certificate of Need for the establishment of a single specialty ambulatory surgical treatment center located at 101 Donner Drive, Oak Ridge, Tennessee 37830. The estimated cost for the project is approximately \$912,090.00 and the facility will seek licensure as an ambulatory surgical treatment center providing interventional pain management procedures and injections in one procedure room and no operating rooms. The project does not contain major medical equipment, initiate or discontinue any other health service, and will not affect any licensed bed complements.

The anticipated date of filing the application is July 10, 2020.

The contact person for this project is Patti T. Cotten, Attorney, who may be reached at London & Amburn, P.C., 607 Market St., Suite 900, Knoxville, TN 37902; telephone 865-637-4850.

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

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

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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The anticipated date of filing the application is July 10, 2020.

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To: London/Amburn Attorneys

Advertising: Notice of Intent

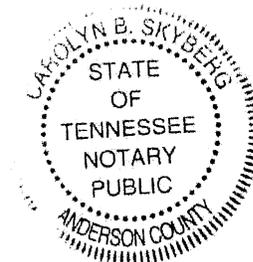
Subscribed and sworn before me and in my Presence, the undersigned, a Notary Public. in and for said county, this day personally came Donna Smith who being first duly sworn, according to law say that she is the News Editor of The Oak Ridger, a daily newspaper published at Oak Ridge, in said County and State, and that the advertisement of Public Notice of Intent published July 7th, 2020 and that the statement of account herewith is correct to the best of her knowledge and belief.

Don C. Smith

Subscribed and sworn to before me in my Presence, this 9 day
of July, 2020 a Notary Public in and for
the County of Anderson, State of Tennessee

Carolyn B. Skyberg
NOTARY PUBLIC, Carolyn B. Skyberg

My commission expires March 29th, 2023



CLASSIFIEDS

8A

Classified Representatives
Ph:(865)482-1021 E-mail: classifieds@oakridger.com

Tuesday, July 7, 2020
www.oakridger.com

Search these ads online at www.oakridger.com (865) 482-1021 • Fax (865) 220-5539 • We accept: Visa, MasterCard, Discover & American Express

Flat Rates: (Does not include employment ads)
Monday & Friday: \$5.00 per line per Day*
*plus \$8.00 internet charge per ad up to one week

Specials: (Does not include employment ads)
3 lines for 1 week for \$44.00 restrictions apply 3 lines for 2 weeks for \$69.00
Minimum 3 lines (Approximately 20 characters per line)

DEADLINES:
Monday - Friday: In column ads
2:00 PM two days prior to publication

00 Legals **00 Legals** **00 Legals**

NOTICE TO CREDITORS
(As required by TCA 30-2-306 as amended by Chapter 886, Public Acts of Tennessee)
Case Number
1 CH1-2020-PB-132
Estate of Lloyd Alvis Lough Deceased
Notice is hereby given that on June 19, 2020 Letters Testamentary (or of Administration as the case may be) in respect of the estate of Lloyd Alvis Lough, who died 5/24/2020 were issued to the undersigned by the Anderson County Chancery Court of Anderson County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above-named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:
: (1)(A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before date that is four (4) months from the date of the first publication (or posting, as the case may be) as described in (1)(A); or (2) Twelve (12) months from the date of the decedent's date of death.
Date: 6/19/2020
Paula Strickland
Executor, Administrator, Personal Representative
J. Michael Clement
Attorney
Harold P. Cousins, Jr./ Tammy Hazel
Clerk & Master/ Deputy Clerk

respect of the estate of Billy Joe O'Kain, who died 4/28/2020 were issued to the undersigned by the Anderson County Chancery Court of Anderson County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above-named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:
: (1)(A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before date that is four (4) months from the date of the first publication (or posting, as the case may be) as described in (1)(A); or (2) Twelve (12) months from the date of the decedent's date of death.
Date: 6/16/2020

2 Announcements
The Oak Ridger is not responsible for errors following the first day of publication. The publisher reserves the right to edit, reject or correctly classify advertisements. The Oak Ridger does not knowingly accept advertising that discriminates based on race, national origin, color, religion, and sex or handicap status. The publisher does not accept liability for error omission.

19 General
P/T Asst. Mgr. for Storage Facility. Ideal for Retirees. Basic Computer Skills. Call 482-5353

Got A House Full Of Repairs That Need To Be Done?



Check out the Professional Service Directory for qualified services.

If you would like to advertise your business in our Professional Service Directory Call 865.482.1021.

PUBLIC NOTICE:

Knoxville Regional Transportation Planning Organization Executive Board Meeting, July 22, 2020

The Knoxville Regional Transportation Planning Organization (TPO) Executive Board will meet on Wednesday, July 22nd at 9 a.m. in the Community Room of the Public Works Complex, 3131 Morris Avenue Knoxville, TN. Due to the circumstances of the COVID-19 virus, this meeting may be conducted by electronic means. Please visit the Knoxville Regional TPO website frequently for updates on this public meeting. The full Agenda will be available on the TPO website 5-7 days prior to the meeting and can be found here: <https://knoxtpo.org/boards-and-committees>. If you would like a copy of the final Agenda please contact the TPO. If you need assistance or accommodation for a disability please notify the TPO three business days in advance of the meeting and we will be glad to work with you in obliging any reasonable request.
865-215-2506 or laura.edmonds@knoxplanning.org.

SELL
RENT
TRADE
OR BUY
865-482-1021

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq.; and the Rules of the Health Services and Development Agency, that Oak Ridge Surgery Center, a proposed ambulatory surgical treatment center to be owned by Oak Ridge Surgery Center, LLC, a limited liability company, and to be managed by Ally Healthcare, LLC, intends to file an application for a Certificate of Need for the establishment of a single specialty ambulatory surgical treatment center located at 101 Donner Drive, Oak Ridge, Tennessee 37830. The estimated cost for the project is approximately \$912,090.00 and the facility will seek licensure as an ambulatory surgical treatment center providing interventional pain management procedures and injections in one procedure room and no operating rooms. The project does not contain major medical equipment, initiate or discontinue any other health service, and will not affect any licensed bed complements.

The anticipated date of filing the application is July 10, 2020.

The contact person for this project is Patti T. Cotten, Attorney, who may be reached at London & Amburn, P.C., 607 Market St., Suite 900, Knoxville, TN 37902; telephone 865-637-4850.

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

Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

U.S. Department of Housing and Urban Development (HUD)
Community Development Block Grant (CDBG) Entitlement Program for the City of Oak Ridge, Tennessee

NOTICE OF PUBLIC HEARING
for the City of Oak Ridge
CDBG CARES Act Funding and 2019 Action Plan Substantial Amendment

In response to combating the effects of COVID-19, the U.S. Department of Housing and Urban Development (HUD) allocated special Community Development Block Grant (CDBG) Entitlement funds to be used to prevent, prepare and respond to COVID-19. This allocation was authorized in the Coronavirus Aid, Relief, and Economic Security (CARES) Act by President Trump on March 27, in response to the growing effects of this historic public health crisis. The CARES Act made available \$5 billion in Community Development Block Grant Coronavirus (CDBG-CV) funds.

A Substantial Amendment to the FY 2019 Annual Action Plan (FY19/FY20) is required. A thirty (30) day public comment period is normally required. However, the U. S. Department of Housing and Urban Development (HUD) has adjusted this requirement reducing it to a period of no less than five (5) days for public comment on each substantial amendment. Any information received during the public comment period or at the public hearing will be attached to the submitted Annual Action Plan.

The 5-day comment period for the City of Oak Ridge CDBG Annual Action Plan (FY19/FY20) was held on Monday, 8 June 2020 and ended on Friday, June 12, 2020. This is a notice of public hearing to be held on Monday, 13 July 2020 at 7:30 p.m. during the City of Oak Ridge Council meeting at the Oak Ridge Municipal Building. Copies of the proposed City of Oak Ridge CDBG Annual Action Plan are available by online at: <https://www.oakridgetn.gov/DocumentCenter/View/10000/2020-CDBG-Annual-Action-Plan>. If you have any questions, please contact Matt Widner, 865-425-3584, mwidner@oakridgetn.gov.

711 dialing code for access to Telecommunications Relay Services (TRS). TRS permits persons with a hearing or speech disability to use the telephone system via a text telephone (TTY) or other device to call persons with or without such disabilities.

PROPOSED CDBG ENTITLEMENT GRANT FUNDING Substantial Amendment ALLOCATION FOR FY2019/FY2020

Activity	Organization	Original Funding	Amended Amount
(246) Removal of Vacant & Blight	City of Oak Ridge	50,000	0
(247) Neighborhood Improvement Projects	City of Oak Ridge	165,000	165,000
(248) Rehabilitation of HUD Homes	City of Oak Ridge	60,000	30,000
(249) Grant Administration	City of Oak Ridge	4,094	0

COVID-19 Related Activities

Activity	Organization	National Objective	Amount
(250) Rent, Mortgage, Utility Assistance	ADAC	Benefit Low/Mod Income Persons	100,000
(251) Public Facility Enhancements	City of Oak Ridge	Urgent Need	50,000
(252) Reimbursement of COVID-19 Costs	City of Oak Ridge	Urgent Need	25,000
(253) Grant Administration	City/ADAC		8,433

CDBG COVID-19 Response Total: \$183,433

THE FRONT OF THIS DOCUMENT FEATURES A COLORED BACKGROUND ON WHITE PAPER AND ORIGINAL DOCUMENT SECURITY FEATURES. VISITOR WITH PAPER UNDER GLASS.

SSRS Management, LLC
MANAGEMENT ACCOUNT
P O Box 2070
Cleveland, TN 37320

First Citizens National Bank
Dyersburg, TN 38025

5803

87-104/843

07/06/2020

PAY TO THE
ORDER OF

Tennessee Health Services and Development

\$

**15,000.00

Fifteen thousand and 00/100

DOLLARS

MEMO



[Handwritten Signature]
AUTHORIZED SIGNATURE

MP

Security features reduced. Deposit on back.

⑆005803⑆ ⑆084301042⑆ 002700131⑆

Attachment Section A-4AB

Certificate of Corporate Existence
Ownership Structure – Organization Chart

Certificate of Corporate Existence will be provided by July 15

Business Entity Detail

Available Entity Actions   File Annual Report (after 12/01/2020)
 [Certificate of Existence](#)
... [More](#)

Entity details cannot be edited. This detail reflects the current state of the filing in the system.

[Return to the Business Information Search.](#)

001064409: Limited Liability Company - Domestic [Printer Friendly Version](#)

Name: Oak Ridge Surgery Center, LLC
Old Name: Turkey Creek Surgery Center, LLC
Status: Active
Formed In: TENNESSEE
Fiscal Year Close: December
Term of Duration: Perpetual
Principal Office: 101 DONNER DR
OAK RIDGE, TN 37830-7745 USA
Mailing Address: PO BOX 2070
CLEVELAND, TN 37320-2070 USA
AR Exempt: No
Managed By: Member Managed
Initial Filing Date: 11/26/2019
Delayed Effective Date:
AR Due Date: 04/01/2021
Inactive Date:
Obligated Member Entity: No
Number of Members: 4

[Assumed Names](#) | [History](#) | [Registered Agent](#)

Name	Status	Expires
No Assumed Names Found...		

OWNERSHIP STRUCTURE – ORGANIZATION CHART

APPLICANT: OAK RIDGE SURGERY CENTER, LLC (ORSC)

- **Members:**
 - Todd Ussery, M.D. – 15% (President)
 - Ally Healthcare, LLC – 10% (Management Company)
 - SSRS Management, LLC – 75% (Primary Investor and Manager of Elite Pain Consultants, PLLC)
 - SSRS Ownership Structure:
 - Russell Smith, D.C. – 40% (Vice President of TCSC; President of SSRS)
 - Shannon Skipper – 40% (Secretary of TCSC and SSRS)
 - James D. Jenkins – 10%
 - Todd Ussery, M.D. – 10%

AFFILIATED PRACTICE ENTITY: ELITE PAIN CONSULTANTS, PLLC (EPC) (managed by SSRS Management, LLC)

- **Member:** Todd Ussery, M.D. (100%) (President)
- **Practice Locations:**
 - 11416 Grigsby Chapel Rd, Knoxville, Tennessee 37934 (*Also Proposed ASTC Location*)
 - 103 Donner Drive, Oak Ridge, Tennessee 37830
 - 102 Dunhill Drive, Cleveland, Tennessee 37311

Attachment Section A-5

Draft Capital Surgical Partners Management Services
Agreement

Ally Healthcare

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (the "Agreement") is made and entered into as of July 1, 2020 ("Effective Date"), by and between Ally Healthcare, LLC ("AH"), and Oak Ridge Surgery Center, LLC (the "Company").

BACKGROUND

WHEREAS, the Company intends to operate an ambulatory surgery center located at 11416 Grigsby Chapel Road, Suite 105, Knoxville, TN 37934. (the "Center");

WHEREAS, the Company desires to obtain the services of AH to manage the Center and AH desires to manage the Center.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained in this Agreement, the Company and AH agree as follows:

AGREEMENT

1. GENERAL.

1.1 Appointment of AH. The Company hereby retains AH for the purpose of providing management, administration and purchasing services and support to the Center. Subject to the ultimate authority of the Company to operate the Center, AH shall have authority and responsibility to conduct, supervise and manage the day-to-day operations of the Center.

1.2 Limits on AH Authority. Notwithstanding any other provision of this Agreement, AH shall not have the authority to undertake any of the following actions without first securing the consent of the Company's Board of Managers ("Board"):

- 1.2.1** Any action inconsistent with this Agreement or the Company's Operating Agreement as amended from time to time;
- 1.2.2** Operate the Company in a fashion inconsistent with the budgets and the written policies, procedures and directives of the Board;
- 1.2.3** Incur indebtedness by the Company other than trade payables incurred in the ordinary course of business and borrowings in the ordinary course under credit facilities previously approved by the Board, or grant or permit any security interest, mortgage or other lien in any asset of the Company other than under approved credit facilities;
- 1.2.4** Adopt an annual operating budget or an annual capital budget;
- 1.2.5** Approve a commitment for any single unbudgeted operating expenditure or several related operating expenditures or substitute any budgeted operating expenditure for any other budgeted expenditure in excess of Twenty Thousand Dollars (\$20,000) individually or in the aggregate when combined with Sections 1.2.6 and 1.2.7 during any Fiscal Year (amounts under each

such threshold being subject only to the approval of AH); provided that if the number of the Center's cases exceeds the number projected in the Company's current operating budget, then AH may increase the budget for each variable cost line item that is directly related to the number of cases by an amount that is proportionate to the increase in the number of cases and may make commitments based on the budget as so revised, which shall then constitute an approved budget;

- 1.2.6 Make any single unbudgeted capital expenditure or several related capital expenditures or substitute any budgeted capital expenditure for any other budgeted expenditure in excess of Twenty Thousand Dollars (\$20,000) individually or in the aggregate when combined with Sections 1.2.5 and 1.2.7 during any Fiscal Year (amounts under such threshold being subject only to the approval of AH);
- 1.2.7 Enter into any contract or transaction or series of related contracts or transactions which requires payments by the Company of more than Twenty Thousand Dollars (\$20,000) individually or in the aggregate when combined with Sections 1.2.5 and 1.2.6 during any Fiscal Year (amounts under such thresholds being subject only to the approval of AH) or which imposes restrictive covenants on the Company's business (such as contracts containing non-competition provisions); or
- 1.2.8 Authorize the settlement of any claim or litigation, whether insured or otherwise (excluding, however, reimbursement adjustments made in the ordinary course of business with third-party payers), for any amount greater than Five Thousand Dollars (\$5,000) or any claim or litigation, regardless of amount, alleging professional malpractice or claims involving damages other than monetary damages or non-monetary obligations of the Company.

1.3 Power of Attorney. Subject to the limitations in Section 1.2 and in the Company's Operating Agreement, as amended from time to time (the "Operating Agreement"), the Company hereby appoints AH its attorney-in-fact with full power on its behalf and in its name, or in the name of the Company, (a) to prosecute or defend any litigation or proceeding before any governmental agency arising out of the operation of the Center, after consulting with the Company and after receiving the Company's approval of the position to be taken in any adversarial situation affecting the Center, and (b) to enter into contracts relating to the affairs of the Center.

1.4 Duty of the Company. The Company covenants and agrees to cooperate with and provide AH with all information and documents, subject to applicable law, reasonably requested by AH including but not limited to medical, technical or equipment procedure problems or incidents related to the Center.

2. MANAGEMENT SERVICES.

2.1 General. AH will provide ongoing management of the operations of the Center as designated by the Board and consistent with this Agreement. Day-to-day oversight of the Company's operations will be provided by Onsite Managers who are located at the Center and will be employees of the Center or leased by a third party to the Center ("Onsite Managers"). The Onsite Managers will receive direction from AH.

2.2 Management Staff. AH will recruit, hire on behalf of the Company and train Onsite Managers; including the hiring of the Onsite Manager who is responsible for supervising and managing the business office (the "Administrator"). AH will place appropriate advertisements and screen potential candidates for the Onsite Manager positions. AH will from time to time make available to the Onsite Managers ongoing educational opportunities as approved by the Board. AH has the right to hire and terminate the employment of all Onsite Managers and Administrators.

2.3 Human Resources. The Onsite Managers will provide day-to-day supervision of employees at the Center and will be responsible for implementing the human resource policies and procedures. AH shall retain outside human resource legal counsel (at the Company's expense) and an outside human resource firm for questions that cannot be resolved at the Center level or that present a high level of risk to the Center as determined by AH.

2.4 Financial Operations. AH will oversee the financial operations at the Center and will provide systematic reporting to the Board on a regular basis no less frequently than monthly. AH will also provide the Company business office support to assist with accurate reporting of financial information and a system for cash management. AH will act as liaison with bankers and other financial support services to the Company. AH will train and work with Onsite Managers to implement business office functions and financial reporting. In furtherance thereof, AH will:

- 2.4.1** Provide financial reporting package to the Board on a monthly basis to include balance sheet, profit and loss statement and cash flow statement; report budget variances to the Board, and provide analysis for the Board on financial trends, including, but not limited to, advising the Board as to any changes in operation or circumstances which may cause a significant variation of the approved budgets;
- 2.4.2** Monitor and manage weekly and monthly cash flows, billing, collections, deposits, transfers and loan payments;
- 2.4.3** Prepare an annual operating and capital budget for the review and approval of the Board;
- 2.4.4** Assist in relating to banking or other third-party vendors working with the Center;
- 2.4.5** Coordinate auditing activities as necessary;
- 2.4.6** Coordinate and oversee the Company federal, state and local tax filings and reporting to the Company; and
- 2.4.7** Administrate the Company distributions in accordance with the Board's policies.

2.5 Payor Contracting. AH will share its expertise regarding payor contracting and recommend to the Board contracting strategies. AH will use internal resources to evaluate acceptable and unacceptable rates and provide that information to Onsite Managers and Board. At the Board's option, AH will assist with engaging an outside resource to evaluate payor contracting rates at the Company's expense.

2.6 Clinical Support. AH will provide support for the clinical operations of the Center to ensure quality of care and compliance with applicable regulations. AH will work with the Onsite Managers to coordinate necessary meetings.

2.7 Administrative Support. AH will provide support for administrative operations to comply with laws and regulations that affect the industry. AH will provide oversight of the timely payment of taxes, maintenance agreements and insurance coverage.

2.8 Information System. AH will work with Onsite Managers and management information system third-party contractors ("MIS") to implement and monitor technology necessary to oversee and grow the Center's business.

2.9 Business Office Support Services. AH will recruit and train the Administrator. AH shall provide ongoing support and supervision to the Administrator and will periodically audit the business functions of the Center to ensure services are being performed in an accurate manner.

2.10 Tax Matters. At the Company's expense, AH shall arrange for the preparation of any tax returns or tax reports required of the Company. The Company shall cooperate with AH in providing documents and information reasonably requested by AH for such purposes.

2.11 Devotion of Time. Notwithstanding anything to the contrary, AH is not obligated to devote all of AH's time or business efforts to the affairs of the Company. However, AH shall devote the time, effort and skill as is reasonably appropriate for the provision of services hereunder in a manner consistent with the management of other ambulatory surgery centers by AH.

2.12 Manner of Providing Services. AH shall perform its duties under this Agreement in good faith, in a manner reasonably believed to be in the best interests of the Company, and with at least such care as an ordinarily prudent person in a like position with like experience and qualifications would use under similar circumstances. In this regard, AH shall cause the Company to conduct its business and operations separate and apart from that of AH or any Affiliate of AH.

2.13 Licensing and Regulatory Compliance. AH shall assist the Company in maintaining on behalf of and in the name of the Company, all local, state and federal licenses, permits, certifications and approvals required in connection with the management and operation of the Center, including a Medicare provider number. AH shall supervise the preparation and submission on behalf of the Company of all necessary reports and filings, including cost and utilization reports, supporting data and other material required in connection with applicable federal and state reimbursement programs and other third-party payment contracts and programs in which the Company may from time to time participate. In addition, AH shall use commercially reasonable efforts consistent with the operation of the other ambulatory surgery centers managed by AH and its Affiliates to cause the Company to be in compliance with all local, state and federal laws and regulations of agencies having jurisdiction over the operations of the Center, and in order to comply

with requirements of payors, if the failure to comply with such laws would have a material adverse effect on the Center.

2.14 Clinical Matters. AH shall not be responsible for or have any authority with respect to the provision of medical or surgical care to patients of the Center. The Medical Director, pursuant to a Medical Director Agreement with the Company, and the physicians practicing at the Center shall be solely responsible for the provision of patient care to patients. Matters having both clinical significance and material non-clinical implications shall be decided by the Company's Board.

2.15 LIABILITY OF AH. AH SHALL NOT BE LIABLE TO THE COMPANY OR TO ANY MEMBER FOR ANY LOSS OR DAMAGE SUSTAINED BY THE COMPANY OR ANY MEMBER, UNLESS THE LOSS OR DAMAGE SHALL HAVE BEEN THE RESULT OF AH'S WILLFUL BREACH OF THIS AGREEMENT, OR AH'S GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT. IN PERFORMING AH'S DUTIES, AH MAY RELY ON INFORMATION OBTAINED FROM AGENTS OR CONSULTANTS RETAINED BY THE COMPANY IF AH REASONABLY AND IN GOOD FAITH BELIEVES SUCH PERSONS TO BE RELIABLE AND COMPETENT AS TO SUCH MATTER. OTHER THAN FOR INTENTIONAL MISCONDUCT, UNDER NO CIRCUMSTANCES SHALL AH'S AGGREGATE LIABILITY ARISING OUT OF THIS AGREEMENT EXCEED THE FEES ACTUALLY PAID BY THE COMPANY TO AH IN THE IMMEDIATELY PRECEDING TWELVE (12)-MONTH PERIOD UNDER THIS AGREEMENT. The parties acknowledge that AH has set its prices and entered into this Agreement in reliance upon the limitations of liability and the disclaimers of warranties and damages set forth herein.

2.16 Indemnification. Subject to Section 2.15, AH agrees to indemnify and hold Company harmless from and against any and all expenses, including reasonable attorneys' fees and costs of defense of any actions arising directly or indirectly out of or in connection with AH's gross negligence or intentional misconduct, or AH's breach of a material provision of this Agreement (other than with respect to any liability, claim, action, damage, expense or cost which was incurred by reason of the Company's or any of its employees' negligent act or negligent omission or willful misconduct). Company agrees to indemnify and hold AH harmless from and against any and all expenses, including reasonable attorneys' fees and costs of defense of any actions arising directly or indirectly out of or in connection with the operation of the Center or the Company's or Member's breach of a material provision of this Agreement (other than with respect to liability, claim, action, damage, expense or cost which was incurred by reason of AH's or any of its agents' or employees' gross negligence or willful misconduct).

3. BILLING AND COLLECTION.

3.1 Billing. The Company shall bill patients and collect the Center's facility fees for services rendered by the Company at the Company's expense. All billings for facility fees provided by the Company shall be in the name of and under the provider number of the Company. AH shall supervise the Onsite Managers appointed to oversee the Company's billing operations.

3.2 Operating Account. The Company agrees to establish and maintain a bank account, which shall be referred to as the Company's Operating Account, for the purpose of (a) depositing the proceeds of the funds collected under Section 3.1; and (b) paying (1) the salaries and benefits of the Company's employees and rent for the Company's facility, (2) the Management Fees and reimbursement owed pursuant to this Agreement, (3) other expenses that are the obligation of the

Company, and (4) distributions to the members of the Company and distributions from the Company's Operating Account shall be made in that order of payment. The Company shall designate persons as signatories on the Company's Operating Account as determined by the Board.

4. EMPLOYEES.

4.1 Center Employees. The Onsite Managers and other individuals who provide services primarily at the Center shall be employees of the Center. The Company retains the right to exercise direction and control over all personnel in the performance of their services for the Center. Subject to the ultimate authority of the Board and AH's right to supervise, the Onsite Managers shall be responsible for hiring, discharging, supervising payroll and other administrative functions usually performed by an employer. Subject to the authority of the Board, AH and the Onsite Managers shall consult with each other regarding establishing a schedule for holidays, vacations and sick leave policies.

4.2 AH Employees. AH's executive and personnel located at AH's offices shall be employees of AH, and AH shall be responsible for the payroll costs of such employees. AH retains the right to exercise direction and control over AH's employees, including the right to reassign or terminate all such personnel.

5. COMPENSATION AND REIMBURSEMENT.

5.1 Management Fee. For each calendar year, AH shall receive a Management Fee in an amount equal to five percent (5%). "Net Collections" means actual cash receipts in a calendar year from operations less refunds paid in such calendar year. The Management Fee shall be paid in monthly installments based on the prior month's collections by the twentieth (20th) calendar day following each respective month's end. Any unpaid Management Fee shall be accrued, and the Company shall not make any distributions to the members of the Company until the Company's payment of the Management Fee for the current month and the payment of any accrued, but unpaid, Management Fees for prior months.

5.2 Reimbursement. The parties intend that the Management Fee will reimburse AH for the cost of providing those routine management services to the Company provided by individuals whose normal responsibilities are dispersed among the Company, AH and other entities that AH manage. The Company is responsible for reimbursing AH for other ordinary and necessary Company expenses initially paid by AH, including (a) reasonable travel and lodging expenses for AH-affiliated employees while providing services to the Company, and (b) compensation costs for any Center personnel positions covered by AH employees. Board approval is deemed to have been obtained to the extent the expenses are included in a budget that is approved by the Board.

6. OWNERSHIP OF INFORMATION; CONFIDENTIALITY; COMPETITION.

6.1 Ownership of Systems. AH and the Company anticipate that most software used by the Company shall be third-party software purchased at the Company's expense. Except with the Company's prior written consent, all third party software will be licensed to the Company. AH retains all ownership and other rights in all AH created proprietary (or such created by third parties specifically for AH) manuals, computer software created by or on behalf of AH, financial information (including information relating to the valuation of AH and other managed entities and AH Affiliates) and other information marked "confidential" or "proprietary" where AH has taken

reasonable steps to maintain the confidentiality of such information (collectively referred to as the "AH Proprietary Systems"). Nothing contained in this Agreement shall be construed as a transfer of such AH Proprietary Systems or any portion thereof, either during the term of this Agreement or thereafter. Upon the termination or expiration of this Agreement, AH shall retain ownership of all of the AH Proprietary Systems and AH shall have no duty to update AH Proprietary Systems; provided, however, that the Company shall have the right to continue to use such AH Proprietary Systems in the same manner, and at the same cost, if any, as used before termination, and the right to modify such AH Proprietary Systems for its own internal use. AH shall have no duty to provide updates to AH Proprietary Systems after termination of this Agreement except as otherwise agreed in writing by the parties. In lieu of allowing the Company to continue to use any AH Proprietary Systems, AH shall have the right to provide the Company with substitute systems that are functionally equivalent or superior, at no additional cost to the Company. AH represents and warrants that such continued use shall not violate the intellectual property rights of any third parties; except that the Company may be required to pay license fees for the use of components of the AH Proprietary Systems that are licensed by AH from third parties on commercially reasonable terms.

6.2 Confidentiality of AH Proprietary Systems. The Company acknowledges that AH has invested a significant amount of its resources in developing and maintaining the AH Proprietary Systems and that the value to AH of the AH Proprietary Systems may be diminished or destroyed if the Company discloses the AH Proprietary Systems or any portion thereof to a third party. Accordingly, the Company shall maintain the confidentiality of the AH Proprietary Systems. The Company shall not duplicate or permit the duplication of any portion of the AH Proprietary Systems and shall not permit access to the AH Proprietary Systems by the Company's personnel or any third party other than on a strict "need-to-know" basis and in the ordinary course of business. The Company shall take at least those steps that it would take to protect its own confidential information. The provisions of this Article 6 shall survive any termination or expiration of this Agreement.

6.3 Remedy. The Company agrees that the remedy at law for any breach of covenants contained in this section may be inadequate and would be difficult to ascertain and therefore upon an event of a breach or threatened breach of such covenants, AH, in addition to any other remedies, shall have the right to enjoin the Company from any threatened or actual activity in violation hereof. The Company hereby consents and agrees that a temporary or permanent injunction may be granted in any proceeding without the necessity of providing actual damages or posting a bond.

6.4 Access to Center; Confidentiality of Records. The Company shall own all of the Company's business and medical records, including books of account, administrative records, patient records and other patient data, and copies of such records shall be maintained or available at the Company's offices. AH shall, during the term hereof, be given access to the Company's records to the extent necessary to carry out its obligations hereunder, subject to requirements for maintaining the confidentiality of patient medical records as established by law, and as more specifically set forth in **Exhibit A**, attached hereto and made a part hereof (the "HIPAA Business Associate Addendum"). AH shall maintain the confidentiality of all files and records, including patient records, of the Company, disclosing the same only as directed by law or by the Company in any particular instance; provided AH may provide financial and business records to third parties under a duty of confidentiality for purposes of evaluating AH (such as lenders or investors).

7. TERM AND TERMINATION.

7.1 Term. This Agreement shall commence upon date of fist cases performed and shall continue in full force and effect until the seventh (7th) anniversary of the Effective Date unless sooner terminated in accordance with this Article 7.

7.2 Termination for Breach. Notwithstanding Section 7.1, a party shall have the right to terminate this Agreement upon the occurrence of any of the following events by delivering to the other party written notice of its intent to terminate this Agreement:

7.2.1 the other party has been sanctioned by, barred or excluded from a government health program; or

7.2.2 a finding by an arbitrator under Section 9.2 of this Agreement, that a party has engaged in repeated or continuing gross negligence, willful misconduct or material breach of this Agreement or the Company's Operating Agreement; provided that the actions of the Company's employees shall not be imputed to AH.

Notwithstanding Section 7.2.2, in the event termination is for an alleged breach by AH, then before initiating the procedures under Section 9.2, the Board shall send AH notice describing in detail the basis upon which the Board believes such termination is justified. Upon receipt of such notice, AH shall have sixty (60) days during which to attempt to cure any alleged default under this Agreement or Company's Operating Agreement, and upon such cure being effectuated, the Company's rights to terminate shall cease and this Agreement will continue in full force and effect. Furthermore, if AH has diligently attempted to effect such a cure within such sixty (60)-day period but cannot complete such cure within such period, then AH shall have a reasonable time beyond such sixty (60)-day period not to exceed one hundred twenty (120) days to complete its cure of the alleged basis for the Company's election to terminate, provided AH diligently continues to attempt to cure; only after such cure period may the Board initiate procedures under Section 9.2 to have a determination of a breach of this Agreement.

7.3 Insolvency. A party may terminate this Agreement if the other party shall appoint or consent to the appointment of a receiver, trustee or liquidator of such party or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangements with creditors or to take advantage of any insolvency law, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating such party bankrupt or insolvent, and such order, judgment or decree shall continue un-stayed and in effect for any period of sixty (60) days. In addition, AH may terminate this Agreement if Company fails to pay Management Fees or Net Income Share or reimburse AH's expenses for a period of sixty (60) days.

8. NOTICE.

8.1 Notices. All notices, demands, requests and other communications or documents required or permitted to be provided under this Agreement shall be in writing by any means described in Section 8.2, and shall be given to the applicable party at its address or facsimile number set forth below or such other address or facsimile number as the party may later specify for that purpose by notice to the other party:

If to AH:

Ally Healthcare, LLC
1100 Market Street, Suite 600
Chattanooga, TN 37402
Phone: (423) 653-6620

If to the Company:

Oak Ridge Surgery Center, LLC
103 Donner Dr.
Oak Ridge, TN 37830
Facsimile: _____

8.2 Effective Date. Each notice shall be deemed given and received: (a) if given by facsimile, when the facsimile is transmitted to the party's facsimile number specified above and confirmation of complete receipt is received by the transmitting party during normal business hours on any business day or on the next business day if not confirmed during normal business hours; (b) if by hand, when delivered; (c) if given by nationally recognized and reputable overnight delivery service, the business day on which the notice is actually received by the party; or (d) if given by certified mail, return receipt requested, postage prepaid, two (2) business days after posted with the United States Postal Service.

9. MISCELLANEOUS.

9.1 Maintenance of Records. Upon the written request of the Secretary of Health and Human Services or the Comptroller General or any of their duly authorized representatives, AH and any of its Affiliates providing services with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12)-month period shall make available to the Secretary the contract, books, documents and records that are necessary to verify the nature and extent of the cost of providing such services. Such inspection shall be available up to four (4) years after the rendering of such services. The parties agree that any applicable attorney-client, accountant-client or other legal privilege shall not be deemed waived by virtue of this Agreement. To the extent that AH subcontracts any of its duties hereunder where the value or cost of the service component is Ten Thousand Dollars (\$10,000) or more within a twelve (12)-month period, AH will require a similar access clause in its written subcontracts.

9.2 Dispute Resolution.

9.2.1 Meet and Confer. The parties agree to meet and confer on any issue that is the subject of a dispute under this Agreement ("Meet and Confer") if initiated by another party to this Agreement. The party seeking to initiate the Meet and Confer procedures ("Initiating Party") shall give written notice to the other parties, describing in general terms the nature of the dispute, the initiating party's position and a summary of the evidence and arguments supporting its position, and identifying one (1) or more individuals with authority to settle the dispute on such party's behalf. (The individuals so designated by a party shall be known as the "Authorized Individuals.")

The party receiving such notice (the "Responding Party") shall have twenty (20) days within which to respond. The response shall include the Responding Party's position and a summary of the evidence and arguments supporting its position and shall also identify one (1) or more Authorized

Individuals with authority to settle the dispute on such party's behalf. The Authorized Individuals for the parties shall meet at a mutually acceptable time and place within ten (10) business days of the date of receipt of the Responding Party's response and thereafter as often as they deem reasonably necessary to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within twenty (20) days after the last date on which the meeting could take place in compliance with this section, then either party may initiate arbitration. All deadlines specified in this meet and confer provision may be extended by mutual agreement of the affected parties. The parties recognize that the authority of the Authorized Individuals, and any agreement that may be reached during the Meet and Confer process, may be subject to the approval of the respective member's governing board.

9.2.2 Binding Arbitration. If within thirty (30) days of the first meeting of the Authorized Individuals in Section 9.2.1, there is not a settlement, then the dispute will be finally resolved by arbitration administered by submitting a request to the Alternative Dispute Resolution Service (the "Service") of the American Health Lawyers' Association ("AHLA"), requesting that the Service select/appoint an arbitrator using Rules of Procedure developed by AHLA for selection of dispute resolvers, including the use of the ranking list, naming five (5) neutrals with relevant expertise. In filing the special request, a party shall complete the AHLA Request for Dispute Resolver List, accessed at www.healthlawyers.org/adr and identify the qualifications required in paragraph 9 of the Request as: a Neutral associated with a nationally recognized health care practice, with experience representing organizations that manage ambulatory surgical centers who does not currently perform a material amount of work for the Company or any member of the Company or their Affiliate.

9.2.3 Arbitration Terms. The fees for the special request shall be paid by the requesting party at the time of the request. The arbitration award will be final and binding on the parties, will not be subject to judicial appeal, will not include any punitive damages and will deal with the allocation of costs of arbitration, including legal fees and all related matters. Any monetary award will stipulate a rate of interest, deemed appropriate by the arbitrators, which will run from the date notice of the dispute was given under Section 9.2.1 until the date when the award is fully satisfied. The arbitration award will be promptly satisfied by the party against whom it is granted. Any cost or fee incident to enforcing the award will, to the maximum extent permitted by law, be charged against the party resisting enforcement. Judgment upon the award rendered may be entered in any court having jurisdiction, or application may be made to that court for a judicial recognition of the award or an order of enforcement thereof, as applicable. Either party may bring an action to enforce any award granted under this Section 9.2.

9.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall together constitute one agreement.

9.4 Enforceability. Should any part of this Agreement be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining portions.

9.5 Due Authorization. Each individual signing this Agreement warrants that such execution has been duly authorized by the party for which he is signing. The execution and performance of this Agreement by each party has been duly authorized by all applicable laws and regulations and all necessary corporate action, and this Agreement constitutes the valid and enforceable obligation of each party in accordance with its terms.

9.6 Amendment; Entire Agreement. This Agreement may not be modified or amended except in writing executed by both parties. This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior agreements and representations with respect to the subject matter hereof.

9.7 Assignment. The Company may not assign its rights or obligations under this Agreement without the written consent of AH. Except in the event of the merger or consolidation of AH, or the sale by AH of substantially all of its assets, AH shall not assign its rights or obligations under this Agreement, other than to a subsidiary corporation or other entity controlled by or under common control of AH ("Affiliate"), without the written consent of the Company, which consent shall not be unreasonably withheld. The terms, covenants, conditions, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns as permitted by this Agreement. The parties acknowledge that many of the services to be provided by AH hereunder may be delegated to Ally Healthcare, LLC and other AH Affiliates.

9.8 Further Acts. The parties do hereby covenant and agree that they and their successors and assigns will execute any and all instruments, releases, assignments and consents which may reasonably be required of them in order to carry out the provisions of this Agreement. Notwithstanding expiration or termination of this Agreement, each party hereto shall take such further actions as are necessary to fulfill its existing obligations, which by their terms require performance after expiration or termination of this Agreement.

9.9 Waiver. The waiver of either party of a breach or violation of any provision of this Agreement shall not operate or be construed to be a waiver of any subsequent breach thereof.

9.10 Independent Contractor. AH and the Company affirmatively state that the relationship created under this Agreement is that of an independent contractor.

9.11 Force Majeure. Either party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, riot or insurrection, law or regulation, strike, flood, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities, for so long as such event continues, and for a reasonable period of time thereafter, other than nonpayment under Article 5. This provision shall not, however, release such party from using its best efforts to avoid or remove such cause and such party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such party shall give prompt written notice thereof to the other party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.12 Interpretation. This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party hereto because said party drafted or caused the party's legal representative to draft any of its provisions, but shall be construed as if both parties had prepared this Agreement.

9.13 Attorneys' Fees. If legal action is commenced by either party to enforce or defend its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees in addition to any other relief granted.

9.14 Applicable Law. This Agreement shall be construed and governed in accordance with the laws of the state where the Center is located without reference to its conflicts of laws provisions.

9.15 Third-Party Beneficiaries. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of the terms and provisions of this Agreement on any person other than the parties to it, nor is anything in this Agreement intended to relieve or discharge the obligation or the liability of any third person to any party to this Agreement, nor shall any provision of this Agreement give any third persons any right of subrogation or action over or against any party to this Agreement.

9.16 Insurance. AH, at its sole cost and expense, shall provide, keep and maintain throughout the term of this Agreement, general casualty and liability insurance coverage in the minimum amount of One Million Dollars (\$1,000,000) for bodily injury and One Million Dollars (\$1,000,000) for property damage. AH also shall maintain policies of insurance against worker's compensation, unemployment compensation and disability insurance coverage for its employees as required by law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

AH:

COMPANY:

ALLY HEALTHCARE, LLC

OAK RIDGE SURGERY CENTER, LLC

By: _____

By: _____

Its: _____

Its: _____

Ally Healthcare

EXHIBIT A

Business Associate Agreement

Attachment Section A-6A

Sublease Agreement

SUBLEASE AGREEMENT

This Sublease Agreement (this "Sublease") is made and entered into effective as of June 1, 2020 to include the following defined parties and terms.

MASTER LANDLORD: Emory Valley Corporation
100 Donner Drive, Suite B
Oak Ridge, Tennessee 37830

TENANT/SUBLANDLORD: SSRS Management, LLC
11416 Grigsby Chapel Road, Suite 105
Knoxville, Tennessee 37934

SUBTENANT: Oak Ridge Surgery Center, LLC
101 Donner Drive
Oak Ridge, Tennessee 37830

TENANT LEASED PREMISES: 101 (3450 S.F.) and 103 (3450 S.F.) Donner Drive
Oak Ridge, Tennessee 37830

SUBTENANT'S PREMISES: 101 Donner Drive
Oak Ridge, Tennessee 37830

RECITALS:

Landlord leases to Tenant the Tenant Leased Premises in the medical office buildings located adjacent to one another at 101 and 103 Donner Dive, Oak Ridge, Tennessee 37830 (the "Buildings") upon the terms and conditions set forth in that certain Lease Agreement dated effective as of June 1, 2020 (the "Master Lease"). Tenant desires to sublease to Subtenant, and Subtenant desires to sublease from Tenant, Suite 101 (the "Premises"), with Landlord's consent, upon the terms and conditions set forth in this Sublease.

NOW, THEREFORE, the parties agree as follows:

1. Demise and Premises. Tenant does hereby sublet, sublease and demise to Subtenant the Premises upon the terms and conditions set forth in this Sublease and the Master Lease provisions applicable to obligations of Tenant with respect to the use of the Premises shall be applicable to, and are hereby expressly assumed by, Subtenant during the term of this Sublease. Subtenant has been provided a copy of the Master Lease and shall not commit or allow a default under such Lease during the term of this Sublease.

2. Conditions Precedent; Term

2.1 CON and Licensure. This Sublease is, at all times, subject to the Master Lease, and contingent upon Subtenant receiving Certificate of Need ("CON") approval from the Tennessee Health Facilities Development Agency and appropriate Tennessee licensure to operate an ambulatory surgical treatment center ("ASTC") in the Leased Premises. If either such event does not occur, Tenant may terminate this Sublease upon written notice to Subtenant.

2.2 Term. Upon satisfaction of the conditions precedent in Section 2.1, this Sublease shall commence as of the first day that Subtenant opens for business (the "Commencement Date") and, unless sooner terminated as provided in this Agreement, shall continue until May 31, 2025 (the "Sublease Term"). Since this Lease and Subtenant's occupation of the Premises is at all times subject to the Lease, this Sublease shall terminate effective as of the date of any early termination of the Lease prior to the end of the Sublease Term.

3. Rent. Subtenant agrees to pay, without demand or offset, to Tenant as rent for the Premises the as follows:

<u>Monthly Rent</u>	<u>Dates</u>
\$3450	June 1, 2020 – April 30, 2021
\$3520	May 1, 2021 – April 30, 2022
\$3625	May 1, 2022 – May 31, 2025

Such rent constitutes its pro rata share (based on the square footage of the Premises as compared to the total square footage of the Tenant Leased Premises) of the Base Rent. Additional Rent and any other charges assessed under the Lease (collectively, “Rent”) shall also be payable by Subtenant in accordance with the Rent payment terms set forth in the Lease. Subtenant acknowledges that the Lease contains late fees and shall indemnify Tenant for any late fees assessed against Tenant as a result of Subtenant’s refusal or failure to pay its share of the Rent in a timely fashion.

4. Landlord’s Consent. Landlord joins in the execution of this Sublease for the sole purpose of consenting to the sublease of the Premises to Subtenant on the terms and conditions of this Sublease; provided, however, that Tenant will agree to remain fully liable for the obligations of Tenant under the Master Lease during the Term of this Sublease.

5. Separate Medical Operations. The ASTC operated at the Premises shall be operated as a practice-based, single specialty ASTC designed to provide interventional pain procedures for the patients of Elite Pain Consultants, PLLC (“Elite”) in Suite 103 of the Tenant Leased Premises, as well as patients from other Elite locations, although nothing contained in this Agreement shall be construed to cause Tenant or Elite to be responsible in any way for the debts or obligations of Subtenant or any other party.

6. Use.

6.1 Permitted Uses. Subtenant shall occupy and use the Premises as an ASTC and uses related to such ASTC and no other. Subtenant further agrees not to commit or permit any nuisance on the Premises.

6.2 Modifications. Subtenant may not modify or alter the Premises in any manner without the prior written consent of Tenant and Landlord.

6.3 Compliance. Subtenant shall obtain, at its expense, a CON required by the Tennessee Health Services Development Agency prior to the Commencement Date and shall at all times during the term hereof comply with all laws, ordinances, orders, rules, and regulations of all federal, state and municipal governments and agencies and departments thereof, which may relate to the use or occupancy of the Premises. Subtenant shall obtain all other licenses and permits required to permit Subtenant to operate an ASTC the Premises and to operate any equipment Subtenant places in the Premises.

7. Compliance with Laws; Regulatory Challenge.

7.1 Compliance Generally. The parties enter into this Agreement with the intent of conducting their relationship in full compliance with applicable state, local and federal law including 42 U.S.C. §1320a-7b(b) (the “Medicare/Medicaid Anti-Kickback Statute”), 42 U.S.C. §1395nn (the “Stark Statute”), and other federal, state, and local laws relating to payments for referrals, self-referrals, fee-splitting, and similar matters. Notwithstanding any unanticipated effect of any of the provisions herein, neither party will intentionally conduct itself under the terms of this Agreement in a manner which could constitute a violation of the Medicare/Medicaid Anti-Kickback Statute, the Stark Statute, or any other federal, state, or local statute, rule, regulation, or other law of any sort.

7.2 Resolution of Issues. If (i) any term or condition of this Agreement or the application thereof to any person or event shall, in the opinion of either party, or either party's counsel, violate or potentially violate any laws, orders, rules or regulations currently enforced by or hereafter promulgated by any federal, state, municipal or other governmental authority or agency (including but not limited the Medicare/Medicaid Anti-Kickback Statute, the Stark Statute, or any other federal, state, or local statute, rule, regulation, or other law of any sort); (ii) the Center for Medicare and Medicaid Services, Office of the Inspector General, or any other federal or state regulatory agency or body institute or threaten to institute any proceedings of process which, in the opinion of counsel to either party, could potentially lead to the exclusion of either party from Medicare/Medicaid/TennCare participation or civil money penalties as a result of the undertakings of this Agreement; or (iii) any regulatory authority by administrative rulings, public pronouncements, regulatory promulgation or other similar event, indicates that any provision of this Agreement violates any applicable law, regulation or rule of such governmental authority, the parties agree to renegotiate in good faith to adjust the obligations and undertaking hereunder to such extent as may be necessary to eliminate any basis such governmental or regulatory body or agency may have for its challenge, and shall make every reasonable effort to preserve the economic benefits of the respective parties hereunder. If the parties are unable to agree on such adjustments within 30 days after the event prompting renegotiation, either party may terminate this Agreement upon written notice to the other party.

8. Default. The happening of any one or more of the following listed events (an "event of default") shall constitute a breach of this Sublease (and the Lease) by Subtenant:

- (a) the failure of Subtenant to make the payments of rent as required herein if such failure continues for a period of three (3) days after written notice of such failure;
- (b) the failure of Subtenant to comply with any terms or provisions of this Sublease or of the Lease (other than the payment of rent) if such failure continues for ten (10) days after written notice of such default; or
- (c) the commencement of any proceeding against Subtenants under any bankruptcy or insolvency law, or the appointment of a receiver, levy of execution, attachment, or other taking of any part of the property of Subtenant, or any assignment for the benefit of creditors by Subtenant.

Notwithstanding any other provision of this Agreement, upon the happening of any event of default, and the expiration of any applicable cure period, this Sublease shall terminate immediately upon written notice to Subtenant from either Tenant or Landlord, and Subtenant shall indemnify and hold Tenant harmless from and against any damages arising from, or caused by, Subtenant's breach of this Sublease or of the obligations of "Tenant" with respect to the Premises under the Lease. Subtenant acknowledges that Subtenant's breach of this Sublease may cause a default under the Lease, and Landlord shall have all rights and remedies available under the Lease for such default.

9. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by certified mail, return receipt requested, express courier, or overnight courier with prepaid, tracked delivery, to the addresses listed above, or hand-delivered to the party to whom it is to be given. Any party may change such address by written notice to the other parties. Any notice or other communication given by certified mail shall be deemed received, whether actually received or not, on the earlier of the date signed for by the recipient or that date which is three (3) business days after mailing, as evidenced by a mailing receipt obtained at the time of mailing. Express courier/overnight courier and hand delivery shall be deemed received when delivered to the addressee above. Notwithstanding anything herein to the contrary, if actual written notice is received, regardless of the means of transmittal, such notice shall be deemed to be acceptable and effective as proper notice under this Section 9.

10. Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing. Any waiver

by any party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Agreement.

11. Parties. The covenants, agreements, conditions, understanding and provisions contained in this Agreement shall inure to the benefit of and be binding upon all parties hereto, their heirs, executors, administrators, successors and assigns.

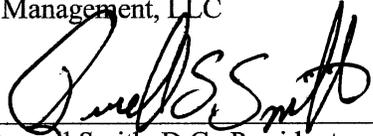
12. Entire Agreement and Modification. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof, supersedes all prior and existing agreements and negotiations between them concerning such subject matter, and may be modified only by a written instrument duly executed by both parties.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above written.

Tenant:

SSRS Management, LLC

By: 

Russell Smith, D.C., President

Subtenant:

Oak Ridge Surgery Center, LLC

By: 

Todd Ussary, M.D.

CONSENT OF MASTER LANDLORD

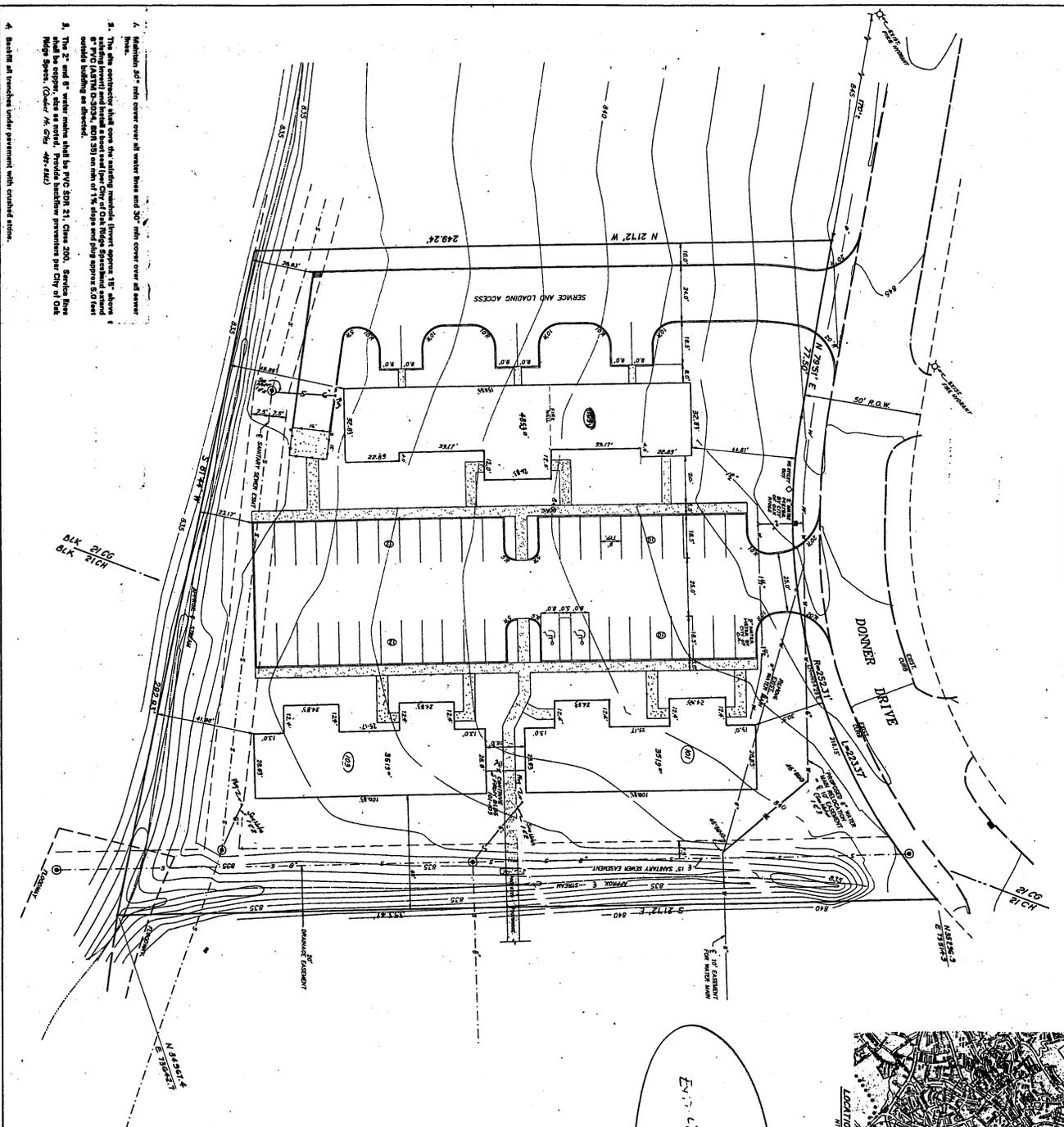
The undersigned joins in the execution of this Sublease for the sole purpose of evidencing the Landlord's consent to the Sublease as required by Article 21 of the Master Lease, with the understanding that SSRS Management shall remain primarily liable for the performance of the Tenant's obligations under the Master Lease.

EMORY VALLEY CORPORATION

By: Lesue Mitchell
Name: LESUE MITCHELL
Its: LMM

Attachment Section A.6.B.1

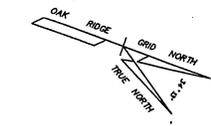
Plot Plan



1. Match 50' min cover over all water lines and 30' min cover over all sewer lines.
2. The site contractor shall cover the existing manhole (invert approx. 18' above 4' PVC CAST IRON D-3000, 3000 S.D.) within 1% slope and plug approx. 5.0 feet outside building as directed.
3. The 2" and 6" water mains shall be PVC SDN 21, Class 200. Sewer lines shall be copper, 6" as a water. Provide backflow preventers per City of Oak Ridge Specs. (Code: 16.07b, 467-142).
4. Install all trenches under pavement with crushed stone.



NOTICE
 FOR ENCL -
 ENCLISTS + LMS ENCL -
 10/0000



NO.	DATE	DESCRIPTION	BY
1	7-15-75	PRELIMINARY	J.M.
2	7-15-75	REVISED	J.M.
3	7-15-75	REVISED	J.M.
4	7-15-75	REVISED	J.M.

NOTICE
 This project was prepared by the firm of Emory Valley Corporation, Inc., 677 Emory Valley Road, Suite A, Oak Ridge, Tennessee 37820. The information herein is for the use of the City of Oak Ridge and is not to be used for any other purpose without the written consent of Emory Valley Corporation, Inc.

IMPORTANT
 The City of Oak Ridge has approved this plan for the use of the City of Oak Ridge. The City of Oak Ridge is not responsible for the accuracy of the information herein. The City of Oak Ridge is not responsible for the accuracy of the information herein. The City of Oak Ridge is not responsible for the accuracy of the information herein.

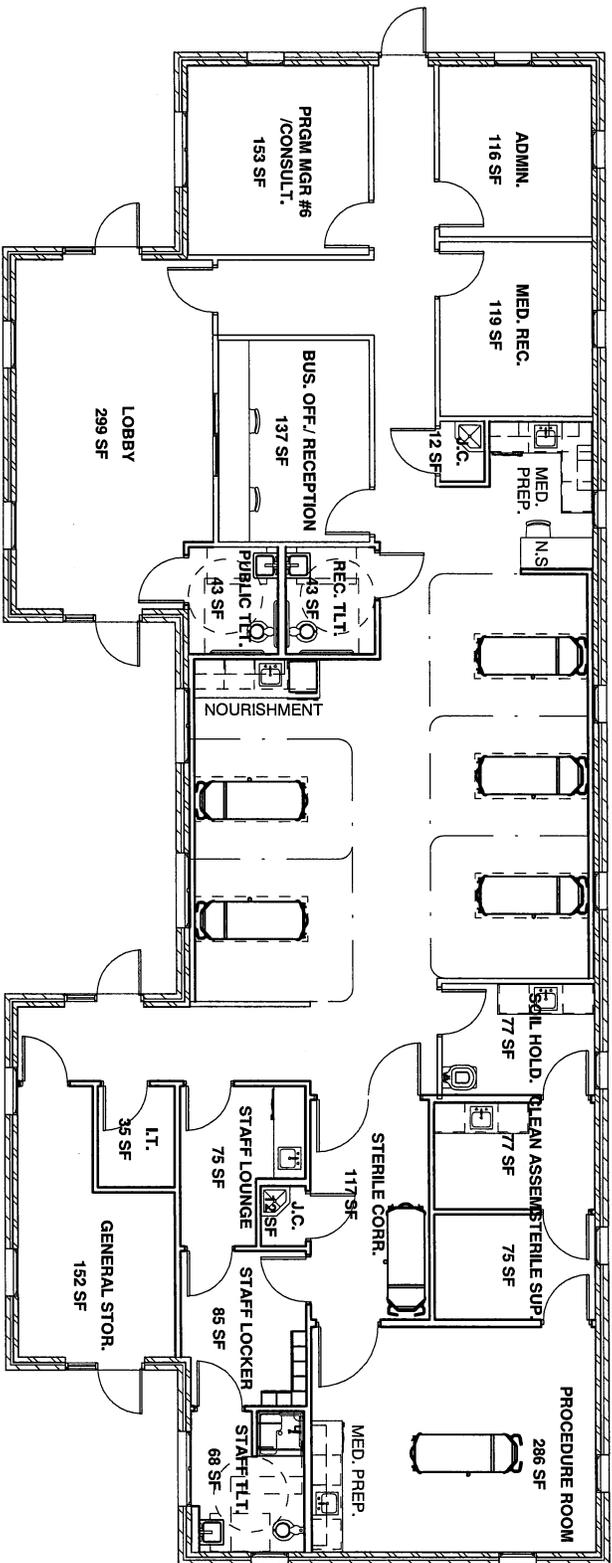
- LEGEND**
- PROPOSED & EXISTING CURB
 - PROPOSED & EXISTING DRIVE
 - PROPOSED & EXISTING SIDEWALK
 - PROPOSED & EXISTING WATER LINE
 - PROPOSED & EXISTING SEWER LINE
 - PROPOSED & EXISTING STORM LINE
 - PROPOSED & EXISTING FIRE HYDRANT
 - PROPOSED & EXISTING FIRE HYDRANT



BACKS 2106 & 2104 - A PARTITION OF PARCEL 8047
 SHEET C-2
 SITE PLAN
 PHASE V
 EMORY PARK
 ANDERSON COUNTY
 TENNESSEE
 SEPT. 16, 1974
 OWNER:
 EMORY VALLEY CORPORATION
 677 EMORY VALLEY ROAD, SUITE A
 OAK RIDGE, TENNESSEE 37820
 (615) 492-8430
 ENGINEER:
 URBAN ENGINEERING, INC.
 11822 INGLETON PIKE
 FARMINGTON, TENNESSEE 37622
 (615) 898-1524
 PROJECT NO. 8305-54

Attachment Section A.6.B.2

Floor Plan



NORTH

FIRST FLOOR ARCHITECTURAL PLAN

1/8" = 1'-0"

3484 SF TOTAL EXISTING

Attachment Section C – Feasibility 1



MASON BLAU & ASSOCIATES, INC.

Architects, Planners AA 0002779
4625 East Bay Drive, Suite #228
Clearwater, FL 33764
(727) 530-0570
(727) 530-0672 fax

July 8, 2020

Scott Nation
CEO
Ally Healthcare
423-653-6620

Re: Proposal for Professional Services
CON For Ambulatory Surgery Center
Oak Ridge Surgery Center
101 Donner Drive
Oak Ridge, TN 37830
Certificate of Need
MBA No. 20537

Dear Mr. Nation:

Please accept this letter as an opinion of probable project cost planned for the proposed ambulatory service center as mentioned above. The purpose of this letter is to address the submission to the state for Certificate of Need application.

PROJECT BUDGET:

Based on preliminary design studies conducted for CON preparations, the total cost of the project is based on 3,484 square feet on the first floor of the MOB at \$100 per square feet of the tenant build out. In our opinion, the probable construction cost will be approximately \$348,400.00. Architect/Engineering professional services fees will be approximately \$65,000.00.

Based on our firm's experience with projects of this size and type planned for the new ambulatory surgery center, along with our data related to project construction costs for the geographic area, it is our opinion that the above estimated project construction cost and associated architect's/engineer's fees are reasonable and appropriate and will allow the owner to create a high-quality facility.

PROJECT DESCRIPTION-CODE COMPLIANCE:

The project for the surgery center will be housed in an existing medical office building, and will include one (1) procedure room and ancillary support spaces.

The facility will be designed to meet local, state and federal standards and regulations, including the adopted 2018 edition of the FGI Guidelines for Design and Construction of Health Care Facilities.

Should you have any questions please don't hesitate to call. Thank you.

Sincerely,

Robert H. Blau, AIA
Vice President
RHB/tif

Attachment Section B – Economic Feasibility 2

Letter from Southern Heritage bank will be provided by July 15

Attachment Section B – Economic Feasibility – 6A

Letter from Southern Heritage bank will be provided by July 15

W. Dale Amburn
Heidi A. Barcus^{Δ†}
Ida Elizabeth Bond
Meagan Davis Collver
Patti T. Cotten
R. Scott Durham[†]
J. Spencer Fair[†]
Edward F.M. Good, M.D., J.D.[◊]
Diana L. Gustin
Ian P. Hennessey[⊕]
Luke P. Ihnen
Jessica Jernigan-Johnson
Hillary B. Jones
Margaret G. Klein
Jason P. Lambert

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Knoxville, Tennessee 37902

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Gary R. Wade
R. Luke Widener^{*}
Erin B. Williams

^Δ Certified as a Specialist in Medical
Professional Liability by the American
Board of Professional Liability Attorneys
^{*} Tennessee Supreme Court Rule 31
Listed General Civil Mediator
[⊕] Also Licensed in Georgia
[†] Also Licensed in Illinois
[†] Also Licensed in Kentucky
[◊] Also Licensed in New Mexico
[#] Also Licensed in North Carolina
^Δ Also Licensed in Virginia
[◊] Of Counsel

July 27, 2020

Mr. David Elenbaas
Health Data and Policy Administrator
State of Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

RE: Certificate of Need Application CN2007-018
Oak Ridge Surgery Center, LLC

Dear David:

I have enclosed the Applicant's Supplemental Response to your letter dated July 22, 2020 for your review.

If you have any questions or require additional information, please contact me at 336.391.2892 or patti@londonamburn.com

Very Truly Yours,



Patti T. Cotten

Enclosures

OAK RIDGE SURGERY CENTER, LLC

First Supplemental
Response



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

July 22, 2020

Patti T. Cotten
London & Amburn, P.C.
607 Market Street, Suite 900
Knoxville, TN 37902

RE: Certificate of Need Application CN2007-018
Oak Ridge Surgery Center, LLC

Dear Ms. Cotton:

This will acknowledge our July 9, 2020 receipt of your application for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center providing interventional pain management and injections at 101 Donner Drive, Oak Ridge (Anderson County), Tennessee 37830.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 2:00 pm, July 28, 2020. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A. Applicant Profile, Identifying Information, Item 2. Contact Person

It is noted the project contact person's telephone number is 865-637-0203. The Letter of Intent also lists this phone number. However, the public notice listed 865-637-4850. Please clarify.

Response: We inadvertently listed our fax number on the public notice and did not catch that in proofreading. The contact telephone number is 865-637-0203.

2. Section A, Applicant Profile, Item 3.A.2) Ownership structure

In this item, Capital Surgical Partners is listed as one of the owners and as one of the investing members (in Economic Feasibility). However, Capital Surgical Partners is not listed on the organization chart. Please clarify.

Response: The sole owner of Capital Surgical Partners, LLC, Scott Nation, recently formed a new entity, Ally Healthcare, LLC, to perform ASTC and hospital management services, so he is managing the ASTC under Ally Healthcare, LLC, while maintaining Capital Surgical Partners as a separate business. We failed to catch all of the references to Capital Surgical Partners before we became aware of the change. Please see the attached replacement page 2-R correcting that error.

3. Section A, Applicant Profile, Item 3.A.4) Existing similar service providers

The identification of Smoky Mountain ASC is noted. That facility doesn't appear to be in the most recent JAR. Are they listed under another name?

Response: In the JAR Search on the DOH website, if the "Individual Facility Report" is selected, the drop-down menu lists "MUA Medical Clinic of Knoxville" which is the old name for Smoky Mountain Ambulatory Surgery Center (changed in 2012 as confirmed on the Tennessee Secretary of State website). But, when the report is downloaded from that search, it properly reflects the correct name "Smoky Mountain Ambulatory Surgery Center" and provides the information which were used for statistics related to that facility. Note, that if the "MasterFile" report is selected and downloaded, the correct name for Smoky Mountain Ambulatory Surgery Center is listed.

4. Section A, Applicant Profile, Item 3.A.6) Funding

The capital contributions are noted. Please identify the capital contribution amounts by investor and describe which project costs will be covered by these contributions.

Response: Since SSRS Management has arranged for the Southern Heritage Bank (the "Bank") to provide 100% financing to cover the initial project costs, members of the Applicant have thus far contributed the following nominal amounts: SSRS Management (\$7000), Dr. Ussery (\$1500) and Ally Healthcare (\$1500). Applicant anticipates that Bank financing will fund all initial project costs necessary to complete tenant improvements, install equipment, fund the CON application/approval process, etc. to get the ASTC operational and open for patients. Applicant anticipates that any additional project costs (such as ongoing lease and staffing costs) not covered by initial Bank financing will be paid from revenues derived from operations. To the extent there is any revenue shortfall in the first few months of operations, investors will respond proportionately to a capital call as determined necessary to supplement facility revenues.

5. Section A, Applicant Profile, 3.A.8) Staffing

It is noted in the response that medical staff for the ASTC will include one interventional pain management specialist. However, that position isn't included on the staffing chart. Please clarify.

Response: The EPC pain management specialist performing the procedures is NOT an employee of the ASTC and, therefore, was not included in the staffing chart. EPC will bill directly for the professional procedures performed by its pain management specialist; thus, the pain management specialist who performs the procedures is not a cost of the ASTC.

It is noted the ASTC intends to contract with various professional staff. Please clarify if the estimated costs for contracts are included in the "Professional Services" category of the Projected Data Chart?

Response: Yes, the Applicant did take into account the cost of contracting with professional staff, e.g., accountants, medical directors, etc., in the "Professional Services" category of the Projected Data Chart.

6. Section A, Applicant Profile, Item 4.B Type of Ownership Control

The Certificate of Corporate Existence is not included in the application. Please provide a copy.

Response: Please see Attachment Section A-4.B.

In the Business Entity Detail in Attachment Section A-4AB, the number of members for Oak Ridge Surgery Center, LLC is listed as 4. However, the organization chart in the same attachment and the ownership description in the Executive Summary refer to three (3) members with combined 100% ownership. Please clarify.

Response: When the Articles of Organization were filed, Applicant contemplated that a second pain management specialist might be added as a member, so included four (4) members in the count for filing, as it makes no difference in state filing fees until the number of members exceeds six (6). To date, only Dr. Ussery, SSRS Management, LLC and Ally Healthcare, LLC are members in Applicant.

7. Section A, Applicant Profile, Item 5, Name of Management/Operating Entity.

The management entity in this item is listed as Ally Healthcare, LLC. However, in several places in the application (e.g. Ownership Structure, Quality Standards, Patient Safety, and appendix titling) Capital Surgical Partners is listed as the management entity. Please clarify.

Response: The sole member of Capital Surgical Partners, LLC, Scott Nation, has now formed Ally Healthcare, LLC and will manage the ASTC under that new entity. We did not catch all of the references throughout the draft of the Application which were completed before we became aware of the change.

Please provide background information on Ally Healthcare, LLC showing their experience and expertise in ASTC management.

Response: Please see Scott Nation's CV attached as **Attachment A-5(1)**, detailing Mr. Nation's extensive experience in the business management and administration hospital and ambulatory surgery centers.

The copy of the management agreement refers to an ASTC in Knoxville and also has an incorrect address for the new Oak Ridge ASTC in Section 8.1. Please correct and submit a revised copy.

Response: Please see replacement **Attachment A-5 (2)** which now reflects the correct address. We have also attached replacement page 8-R to reflect a correction in the address of the Applicant to 101, rather than 103, Donner Drive.

8. Section A, Applicant Profile, Item 3.B.4) Orderly Development of Adequate and Effective Health Care.

The response notes that the ASTC "... will operate primarily as a practice-based .." Please clarify whether "primarily" means the facility will consider referrals from non-practice entities or consider allowing non-associated physicians use of the procedure room for pain management procedures if there is capacity? If either of these options are possibilities, does sublease agreement, Item 5, restrict that from occurring?

Response: Once the ASTC is operational, the Applicant will consider allowing non-affiliated practices or physicians to use the procedure room on days that it is not dedicated to EPC pain management specialists. Currently, the Applicant contemplates operating the facility for the two days that an EPC pain management specialist is scheduled to provide supervision and oversight at the EPC Oak Ridge pain clinic. As the EPC practice grows and more EPC patients undergo procedures in the facility, there may be additional days dedicated to EPC patients. Nevertheless, the ASTC will consider requests for outside use, assuming appropriate credentialing requirements are met.

9. Section A, Applicant Profile, Item 6A., Legal Interest in the site

Please provide documentation, e.g., deed, title, etc., that Emory Valley Corporation owns the building and property site of the proposed project.

Response: Please see tax records at Attachment A-6A(1).

What is the term of the main lease between Emory Valley Corporation and SSRS Management, LLC?

Response: The main lease has a term of five (5) years (ending June 2025), with a 2-year option thereafter.

Please provide a copy of the master lease.

Response: Please see the Lease at Attachment A-6A(2)

10. Section A, Applicant Profile, Item 6B.1), Plot Plan

Please provide a map(s) showing the location of the property in Oak Ridge, including streets, roads or highways that cross or border the site.

Response: Please see Google Maps location attached as Attachment A.6.B.1(1).

Please identify on the plot plan the proposed location of the proposed ASTC and the current EPC office.

Response: Please see the updated Plot Plan attached as Attachment A.6.B.1 (2), showing the ASTC building, the EPC Oak Ridge Clinic Location and the walkway connecting them.

What is the historical and current use of the building? Are there any circumstances under which construction and occupancy of the new ASTC could be delayed?

Response: SSRS Management has leased both buildings and provided them to EPC for use as part of its management arrangement. Since the building location that will house the ASTC is currently being used by EPC, there will be no delays in construction or occupancy.

The building shown in the ground elevation is Building No. 105. Will the facility be in this building? If not, please submit a replacement page with the correct building identified.

Response: The elevation for Building No. 105 was inadvertently included in the application. Building No. 101 will house the ASTC and is identified on the Plot Plan provided as Attachment A.6.B.1(2).

11. Section A, Applicant Profile, Item 6B.2), Floor Plan

The floor plan is noted. Please identify use of the areas showing the five (5) beds.

Response: The five (5) beds is the recovery area and it has been so designated on the updated Attachment Section A.6.B.2 – Floor Plan.

Is there room for future expansion for additional procedure rooms? If so, is

expansion included in your long-term plans? In that case, where would additional procedure rooms be constructed?

Response: Applicant has no plans for future expansion of the procedure room space in the building. Instead, Applicant would operate the current procedure room for additional hours per week if EPC practice expands or outside pain management specialists request, and are granted, time in the ASTC.

12. Section A, Applicant Profile, Item 6B.3), Public Transportation Route

The use of East Tennessee Human Resource Agency for Oak Ridge patients is noted. What public transportation options exist for the 43% of patients living outside of Oak Ridge (Anderson County)?

Response: Applicant is not aware of public transportation available outside of Anderson County. The EPC patients who currently come to the Oak Ridge clinic and have no public transportation options secure their own transportation.

13. Section A, Applicant Profile, Item 9. Medicaid/TennCare, Medicare Participation

The selection of MCO Contracts is noted. Why won't the applicant be pursuing a contract with AmeriGroup?

Response: EPC does not have a contract with AmeriGroup and sees no AmeriGroup patients, so the Applicant does not anticipate that it will treat any AmeriGroup patients in the ASTC. However, Applicant is willing to reconsider AmeriGroup credentialing, as needed (i.e., EPC becomes credentialed with AmeriGroup, or an outside pain management physician credentialed with AmeriGroup is granted time in the ASTC).

14. Section A, Applicant Profile, Item 12 Square Footage and Cost Per Square Footage Chart

The ASTC renovation construction cost per square foot for CON approved applications for years 2017 through 2019 is \$70.00. The facility renovation cost/sq. ft. is \$100, which is between the 1st and 2nd Quartile. Please correct and submit a replacement page.

Response: Please see the attached replacement page 14-R.

For clarification, will the ASTC lease the entire building?

Response: Yes – the ASTC will sublease all of Building 101. EPC will continue to operate its clinic in Building 103. They are connected by a walkway.

15. Section B, Need, Item 2. (Specific Criteria - ASTC). Need and Economic Efficiencies

It is noted the ASTC will schedule patients two days per week. What is the operational status of the ASTC on the other three days of the week?

Response: The ASTC will not be operational the other three days of the week until such time as additional capacity to treat patients in the procedure room is needed either by the EPC pain management specialists, or outside pain management specialists who are granted time in the ASTC.

The chart is noted. However, the 'Average Turnaround Time' column should show the turnaround time for one case, rather than the summation of all annual cases.

* defined as the summation of the minutes by each room available for scheduled cases
Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs./ day X 60 min/hr. = 540 minutes/ day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

Response: Please see the updated chart on replacement page 18-R.

16. Section B, Need, Item 3. (Specific Criteria - ASTC). Need and Economic Efficiencies; Access

Please identify the hospitals in the PSA that perform outpatient pain management procedures and include the number of procedures by hospital for the last three years.

County	Hospital	2016	2017	2018
Anderson	MMC of Oak Ridge	None reported	None reported	Service not provided
Knox	Tennova North	Service not provided	Service not provided	350
Knox	Tennova Healthcare	2783	2507	1063
Knox	Tennova – Turkey Creek	104	97	112
Knox	UTMC	1180	1136	2362

*2019 JAR reports were not available for hospitals; therefore, hospital JAR reports from years 2016 – 2018 were used.

**Pain management procedures reported to outpatients are those reported as “cases” on the hospital JAR reports, not Episodes of Care, as was requested by HSDA. Hospitals that have reported performing pain management services but have never reported any cases are not included in the chart above. Please note that some hospitals report no “cases” but do report “Episodes of Care” for pain management.

Does EPC currently utilize any of the service area ASTCs or hospitals to perform (or refer) pain management procedures for its patients? If so, please identify which ones and the number of cases to each by source EPC location.

Response: EPC does not currently utilize any ASTCs or hospitals in the Service area to perform pain management procedures for its patients.

If EPC patients are not being treated at other ASTCs, how are they obtaining the treatments being proposed in the Oak Ridge ASTC?

Response: The EPC pain management specialist currently performs these procedures in the office with oral sedatives and does not utilize propofol.

Has the applicant approached Advanced Family Surgery Center about using their unused procedure room, including the possible purchase of necessary pain management equipment if appropriate? If so, please summarize the reason(s) it wasn't feasible. If not, please discuss.

Response: Applicant has not approached AFSC about using its procedure room, as it is not feasible for the EPC pain management specialist to perform the pain management procedures off-premises at another facility. The patients receiving these pain management procedures undergo comprehensive treatment for their chronic pain at an EPC Clinic, under the care of pain management specialists and specially trained and supervised advanced practice clinicians. This comprehensive approach is best implemented through on-site procedures and office visits to allow for ongoing monitoring and evaluation of changes in patient function over time with appropriate adjustments to treatment plans to achieve better functional outcomes.

The EPC pain management specialist must stay on-site at the EPC Oak Ridge Clinic to provide the supervision required of pain management specialists at licensed pain clinic facilities. Specifically, under the Tennessee Pain Management Clinic Guidelines, the EPC pain management specialist must be available for direct consultation and communication with their supervised advanced practice clinicians during regular clinic hours. The proposed ASTC, which would be available two (2) days a week in the same building, allows the pain management specialist to be efficient in the use of his time in between procedures to be available to patients and advance clinicians in the EPC clinic next door. Accordingly, the use of an off-site facility is not feasible for the EPC pain management specialist, who does not have availability during the week to travel off-site.

As a result, use of an off-site facility would require EPC to refer out any patients wishing to utilize propofol to the care of another pain management specialist at another pain management practice who performs the procedures using propofol in an ASTC or hospital-based procedure room.¹ Due to the comprehensive nature of chronic pain treatment and the delicate balance between different pain control treatments, it is in the best interests of the patients that portions of their treatment not be referred out to other physicians. Unlike other one-time procedures (an imaging procedure, for example), interventional pain

¹ The Applicant notes that the HOPD rates will be higher than those of an ASTC.

treatments are typically ongoing in nature and are used in combination with other treatments to control chronic pain.

Further, EPC pain management specialists currently treating the patients are intimately familiar with each patient's medical history, treatment plan, and ongoing needs. Patients are more comfortable with EPC's pain management specialists, with whom they are familiar, performing the interventional pain management procedures. Both the pain management specialist and patients agree that referral to an outside physician with ASTC access for interventional pain procedures only (assuming other, non-EPC pain management specialists would accept the referrals) is not a feasible option for ongoing, comprehensive patient treatment.

Importantly, providing all pain management services in one location allows for enhanced patient convenience, access and satisfaction, especially since chronic pain patients may visit the EPC Clinic over 12 times per year. In short, the proposed ASTC is needed to allow patients access to a setting where they can have the procedure on-site, performed by their physician, and under propofol sedation, which provides allows the procedure to be performed pain-free while ensuring patient immobility.

It is noted in the application that Parkwest Surgery Center "would not likely offer flexibility in scheduling ..." necessary for EPC to be able to use their procedure room. Has EPC approached Parkwest Surgery Center about using their procedure room for EPC patients and whether scheduling all or some of EPC patients could be achieved? If so, please summarize the discussions. If not, please discuss.

Response: While Applicant has presumed that it would not be able to schedule patients in the Parkwest Surgery Center, its chief reason for not approaching Parkwest Surgery Center is the same as its reasoning for not approaching AFSC as described above. Since Parkwest Surgery Center is in Knox County, and the EPC pain management specialist needs to be in close proximity to the EPC Oak Ridge location, it is not logistically feasible to utilize Parkwest Surgery Center even if its scheduling availability matched the days that the EPC pain management specialist works at the Oak Ridge Clinic and the proposed ASTC.

It is noted that a reason that Parkwest Surgery Center was not a viable alternative is that they would not have the additional capacity. However, based on the applicant's time requirements for pain management procedures (10 minutes for procedure and 10 minutes for clean-up), the maximum capacity of a procedure room dedicated to pain management would be 6,000 cases per year (4,200 cases at optimal). In that case, Parkwest Surgery Center would have adequate capacity to handle the applicant's projected cases. Please discuss.

Response: Applicant is not familiar with the operational status of the Parkwest Surgery Center procedure room and its time allocation for procedures performed there. Even if that facility has the same procedure and turnaround time for the procedures currently being performed there, the time and location constraints which make it necessary for the pain management specialist to be in close proximity to the EPC Oak Ridge Clinic, as discussed above, make it unfeasible for the EPC pain management specialist to perform the

procedures at the Parkwest Surgery Center.

If it is assumed that the proposed ASTC is available 5 days a week, then there is extra capacity. But Applicant only plans to open 2 days a week, as that is all Applicant projects is needed for the first two years of operation, based on its best estimates of procedures and turnaround times, to serve the current patient census at EPC Clinics. Currently, an EPC pain management specialist is available two days per week in Oak Ridge. If Applicant has underestimated procedure/turnaround times, then having projected excess capacity will allow for expansion into a third day with a second pain management specialist and will allow for future growth and orderly development of pain management healthcare facilities in the Service Area.

17. Section B, Need, Item 4. (Specific Criteria - ASTC). Need and Economic Efficiencies

Please complete the following chart showing the number of pain management cases that were performed in ASTC procedure rooms in the Primary Service Area from 2017 to 2019.

**Pain Management Cases in Primary Service Area by ASTC
2017-2019**

Facility	# PRs	2017		2018		2019	
		# Total PR Cases	# Pain Mgmt Cases	# Total PR Cases	# Pain Mgmt Cases	# Total PR Cases	# Pain Mgmt Cases
Advanced Family	1	0	0	0	0	0	0
Parkwest	1	1997	1997	1121	1121	964	964
Knoxville Orthopaedic	1	4341	4341	4772	4772	5241	5241
Smoky Mountain	1	230	230	186	186	183	183
Total		6568	6568	6079	6079	6388	6388

*While Ft. Sanders did have one procedure room in 2019, it was used only for urologic cases and, therefore, has not been included above. As of June 2019, Ft. Sanders was converted to the Urologic Surgery Center of Knoxville.

18. Section B, Need, Item 5. (Specific Criteria - ASTC). Need and Economic Efficiencies

Please complete the following chart to show the projected number of cases for the first two years of operation.

Oak Ridge ASTC Projected Cases - Year 1 and Year 2

	Year 1	Year 2
Cases	2250	2500
# of Procedure Rooms	1	1
Cases per Procedure Room	2250	2500
Percentage of Optimal Utilization (1,867)	120.5%	134%
Percentage of Max Utilization (2,667)	84.4%	93.7%
Percentage of Max Pain Mgmt Utilization (6,000)*	37.5%	41.6%

*Presumes operation of the ASTC five (5) days per week.

19. Section B, Need, Item 6. (Specific Criteria - ASTC). Access to ASTCs

The chart showing drive times to the ASTC is noted. Please describe how the “% of Patient Population” by county was calculated?

Response: Since the ASTC will primarily serve EPC patients, the Applicant estimated the percentage of EPC patients from the surrounding counties who are projected to use the ASTC, such that it is more likely that the majority of patients receiving procedures would be those patients whose primary clinic is the EPC Oak Ridge Clinic, but who reside in the nearby counties.

20. Section B, Need, Item 3, Proposed Service Area

The PSA is not identified on the Tennessee map on page 25. Please identify the service area on the map and submit a replacement page 25R.

Response: Please see attached replacement page 25-R.

21. Section B, Need, Item 4.A., Demographics

The demographics table on page 26 is noted. What year is represented in the Census Bureau and TennCare statistics?

Response: The Census Bureau demographics used were the 2018 American Community Survey statistics available at <https://data.census.gov>.

TennCare enrollment data below current as of May 2020 (the last month available online as of the date of the Applicant’s filing).

What is the applicant’s target age group?

Response: The target age group is adults age 18 and over.

22. Section B, Need, Item 5, Similar Healthcare Utilization

The utilization chart on page 27 & 28 is noted. Please also complete the following table.

Pain Management Cases in Primary Service Area by ASTC - 2019

Facility	# PRs	# Total PR Cases	# Pain Mgmt Cases	% of Optimal (1,867)	% of Maximum (2,667)	% of Pain Mgmt Maximum (6,000)
Advanced Family	1	0	0	0	0	0
Parkwest	1	964	964	51.63%	36.15%	16.07%
Smoky Mountain	1	183	183	9.80%	6.86%	3.05%
Knoxville Orthopedic	1	5241	5241	280.72%	196.51%	87.35%
Total	4	6388	6388	85.54%	59.88%	26.62%
(Excluding Advanced Family) *				114.05%	79.84%	35.49%

*If Advanced Family’s procedure room capacity is excluded, as the procedure room appears never to have been utilized based upon 2017 – 2019 JAR reports, the capacity of the currently operational procedure rooms is shown for each.

Note: Based upon Applicant’s best estimate of the procedure and turnaround time, if the ASTC were fully operational and occupied five (5) days per week, it has capacity for 6000 cases. It does, however, meet the state health plan standards and criteria (1,867 optimal) by operating two days per week. If EPC patient census continues to grow and additional physicians are added, then the unused capacity would be available.

23. Section B, Need, Item 6, Proposal Historical and Projected Utilization

Please complete the following chart.

Patients and Procedures - 2019 and Projected Year 1

	Oak Ridge EPC		Knoxville EPC		Cleveland EPC	
	2019	Year 1	2019	Year 1	2019	Year 1
# of Total Patients	880	890*	800	810*	960	970*
# of Patients with Office-Based Procedures	528	534	480	486	576	582
# of Office-Based Procedures	1584	1602	1440	1458	1728	1746
# of ASTC Patients with Conscious Sedation		507		243		29
# of ASTC Procedures with Conscious Sedation		1521		729		87

Note: 'Office-Based Procedures' refers to those procedures that could be better performed with conscious sedation.

***NOTE:** EPC conservatively estimates growth of 10 patients from 2019 to year 1 of ASTC operation in each of its offices. Projections above are based upon estimates that (i) an average of 60% of total patients receive 3 office-based procedures per year; (2) 95% of Oak Ridge Clinic patients will elect ASTC procedures; (3) 50% of Knoxville Clinic patients will elect ASTC procedure; and (4) each patient will receive an average of 3 procedures per year. While Cleveland has not been included in the Service Area because it is more than an hour away, the Applicant notes that, since Dr. Ussery also works at the Cleveland Clinic, 5% of Cleveland patients who received higher acuity procedures will likely travel to the ASTC for their procedures – although Applicant did not count Cleveland projections in its numbers.

What is best practice related to performing pain management procedures with or without conscious sedation? Is it a patient choice issue? Are outcomes equal?

Response: Most patients with chronic pain require some type of sedation for interventional pain procedures in an outpatient setting, especially as the level of acuity increases. Patients undergoing pain procedures in the office must be administered oral sedatives such as Xanax or Valium to enable the patient to tolerate the pain of injections and some patients' inherent fear of needles. While such oral medications have some disadvantages in chronic pain patients, especially when compared to propofol, they are still the preferred choice of the EPC pain management specialist for interventional procedures when propofol is not available, as the EPC pain management specialist has determined that the benefits of using oral medications outweigh its disadvantages. However, there are recalcitrant patients who refuse interventional pain procedures because of fear of needles and pain.

Many patients present for interventional pain procedures with greatly elevated preprocedural fear and anxiety, which often correlate with unfavorable results, such as decreased pain relief, increased procedural pain, and delayed negative psychologic effects. As a result, as is typical in advancing medicine, the standard of care in the specialty of chronic pain management is evolving where chronic pain patients are now expecting, and reporting higher satisfaction and outcomes with, propofol. In moving to the use of propofol in an ASTC, the EPC pain management specialists are striving to keep on the forefront of best practices for chronic pain management care and treatment, as that contributes to the orderly development of healthcare. For example, with spinal procedures, immobility is crucial. While some EPC patients have elected to have spinal procedures in the office, the availability of propofol in the proposed ASTC will make spinal procedures and nerve ablations significantly easier for both the patient and the pain management specialist to complete the procedure.

The establishment of the proposed ASTC will allow the pain management specialist to utilize a CRNA to provide propofol, which provides the following advantages over existing oral anesthesia agents:

- Propofol offers rapid onset of conscious sedation;
- Propofol can be titrated to maximum effect;
- Propofol has minimal abuse potential;
- Propofol has minimum residual effects on the central nervous system; and
- Propofol has decreased incidence of post-operative nausea and vomiting.

Propofol will be administered by a CRNA, freeing the pain management specialist to focus on the pain management procedure.

As the EPC pain management specialists respond to guidelines which champion the use of alternative treatments to opioid therapy, the availability of the ASTC will remove all patient barriers to opioid-sparing treatment and encourage patients to take advantage of these interventional pain management procedures. Moreover, EPC has found that patients increasingly expect to be sedated with propofol for these interventional pain procedures. But even then, different procedures may require different levels of sedation and different sedation techniques tailored to the patient's particular needs to optimize the outcome and experience for the patient.

Are EPC physicians currently performing pain procedures with sedation and if so, at what locations and how many?

Response: The EPC pain management specialists do not currently perform pain procedures with conscious sedation at other facilities. A previous pain management specialist at EPC's Knoxville clinic did perform approximately 40 procedures at the Smoky Mountain Ambulatory Surgery Center over the course of 4 months in the beginning of 2020 for patients willing to pay increased copayments and coinsurance (as SMASC is out of network with most insurance) to receive procedures with sedation. While patients reported increased satisfaction with the procedure itself, Smoky Mountain was cost prohibitive for many patients unwilling or unable to pay out-of-network rates and the limited scheduling and access at an outside facility was burdensome. The current EPC pain management specialist performing the procedures works chiefly in Cleveland and Oak Ridge, so the proposed ASTC would allow the pain management specialists to remain close to the EPC Oak Ridge clinic while performing needed pain procedures and offer convenience, access and increased patient satisfaction.

What will be the cost differential for patients choosing to have procedures performed at the ASTC versus an EPC facility?

Response: The cost differential for any particular patient will vary based on the nature and scope of the procedure and insurance payor. Some procedures, such as trigger points and hip injections, receive a higher reimbursement when performed in the office (e.g., CPT 20605 and 20610). Cervical epidurals (CPT 62310) and radio frequency lesioning (RFL) (CPT 64635) procedures typically receive an overall higher reimbursement in the ASTC than the office setting because Medicare prefers them to be performed the ASTC setting, given their higher acuity. Depending on the procedure and overall payer reimbursement for a particular setting, a patient may have a higher coinsurance obligation for some procedures performed in the ASTC, but individual payer policies and coverages will dictate the ultimate cost differential to the patient. Certainly, the EPC pain management specialist will be able to weigh the cost/benefit for each particular patient to ensure that a move the ASTC setting does not result in a material financial issue for the patient.

24. Section B. Economic Feasibility Item 1.B

What is the fair market value of the renovated facility for the Oak Ridge ASTC?

Response: Since the Applicant subleases the building in which the ASTC is operated, so it is not privy to any fair market value appraisals of the building which may have been done by the Landlord. Tax records provided by the Landlord indicate that the property value for the entire Donner Drive project is \$1,076,000. With construction upfit of just under \$350,000, one could expect the building at 101 Donner Drive to increase in value proportionately.

Please explain how lease cost in the amount of \$210,690 was calculated. Using Section 3 of the sublease agreement results in \$214,315.

Response: In calculating the total lease cost, the Applicant overlooked the fact that the last rent increase extends for 37 months, rather than 36 months, and failed to add in the last month at \$3625. Please see replacement page 31-R for the updated Project Data Cost Chart increasing the Facility cost to \$214,315.00.

The lease cost is about \$1.00 per square foot. How does this compare with lease costs for similar buildings in the vicinity?

Response: The average lease cost over the 5-year term of the Sublease is \$42,863 per year. The sublease provides that the rent is calculated based upon 3450 S.F., which means that the cost per S.F. is \$12.42, which should be commensurate with medical office space of a similar quality in Oak Ridge, Tennessee.

The sublease agreement is for a term of five years, but doesn't appear to include any consideration for renewal. Please discuss, including its impact on long-term operation of the new facility.

Response: While the Sublease contains no renewals, the underlying Main Lease does contain a two-year renewal term, such that SSRS Management (as manager of the EPC Clinic and majority owner of the ASTC) would then, in turn, extend to the sublease. The principals of SSRS Management and Emory Valley Corporation have a mutually beneficial business relationship, such that it can be anticipated that the new facility would be operated adjacent to the EPC Clinic for at least seven (7) years, with no reason to believe that the parties would not extend well into the future.

25. Section B, Economic Feasibility, Item 2. Funding

The funding letter from Southern Heritage Bank is missing. Please submit.

Response: Please see the funding letter attached as Attachment B – 2 Economic Feasibility

26. Section B., Economic Feasibility, Item 6.A.2

Please provide copies of the SSRS Management, Inc.'s balance sheet and income statement from the most recent reporting period, and the most recent audited financial statements.

Response: Please see the Profit and Loss and Balance Sheet statement for the year ending December 31, 2019, which is the most recent compiled information the Company has available.

27. Section B, Economic Feasibility, Item 6.B. Net Operating Margin Ratio

Calculations for Year 1 and Year 2 Net Operating Margin Ratio are incorrect. They should be 34.39% and 33.88% respectively. Please correct and submit a replacement page.

Response: Please see the updated chart on replacement page 40-R.

28. Section B, Economic Feasibility, Item 6.C. Capitalization Ratio

Please provide a capitalization ratio from SSRS Management, Inc.'s financial statements.

Response: Applicant's accountant has provided the following:

Based on the Quickbooks numbers at 12/31/19:

Capitalization ratio = Longterm Debt/ (Longterm Debt-Owners Equity)

$\$182,000 / (\$182,000 - \$245,000)$

$\$182,000 / -\$63,000 = (2.89)$

The cap ratio is negative due to larger negative equity and the smaller debt.

29. Section B, Economic Feasibility, Item 7. Applicant's Projected Payor Mix

In the "Applicant's Projected Payor Mix" chart, Charity Care is included as an operating revenue. Charity Care should be reported on a separate line after 'Total' and not included in the Total. Please correct and submit a replacement page. If the correction changes the Gross Operating Revenue amount, please also correct the Projected Data Chart and submit a replacement page.

Response: Please see the attached replacement pages 40-R and 41-R.

In the same chart, Charity Care is listed as \$50,647. In the Projected Data Chart, however, Charity Care is listed as \$50,648. Please correct the appropriate chart and submit a replacement page.

Please see the attached replacement pages 40-R and 41-R.

30. Section B, Economic Feasibility, Item 8. Applicant's Projected Staffing

Using the listed staffing and average wages for each staff type, the total wages for Direct Patient Care positions would be \$276,640 and for Non-Patient Care positions would be \$177,590. According to the Projected Data Chart, the total wages would be \$325,137 and \$212,595 respectively. Please explain the differences.

Response: At Applicant's request, the ASTC manager has reconciled the two charges and corrected errors. Please see the new Staffing Chart on replacement page 41-R and the new Projected Data Chart on replacement pages 36-R and 37-R.

31. Section B, Orderly Development, Item 1

It is noted the applicant plans to have a transfer agreement with Methodist Medical Center. What is the distance and travel time from Methodist Medical Center to the Oak Ridge ASTC?

Response: Methodist Medical Center is located approximately 2 miles from the proposed ASTC location, with travel time of 6 minutes.

Are there hospitals closer to the ASTC for which a transfer agreement may be pursued?

Response: Methodist Medical Center is the closest hospital facility.

Please clarify if surgeons at the proposed ASTC will have admitting privileges at Methodist Medical Center or other area hospitals.

Response: The EPC pain management specialists will not have admitting privileges, but plans to have a hospital coverage agreement with the hospitalists which provide admitting coverage for area physicians.

32. Section B, Orderly Development, Item 3.B. Negative Effects

With 90% of Oak Ridge EPC and 50% of Knoxville EPC higher acuity procedures being transferred to the EPC, what will be the impact on those EPCs financially and patient wise?

Response: While EPC will receive lower professional reimbursement for services its pain management specialist performs in the ASTC, the overhead expenses of EPC currently

incurred in its occupation of Building 101 will be shifted to the ASTC and should offset most of EPC's decreased revenues.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is September 18, 2020. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

David Elenbaas
Health Data and Policy Administrator

Enclosure

AFFIDAVIT

STATE OF TENNESSEE

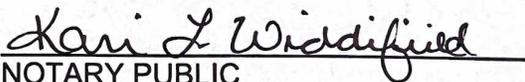
COUNTY OF Bradley

NAME OF FACILITY: OAK RIDGE SURGERY CENTER, LLC

I, RUSSELL SMITH, D.C., 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.


RUSSELL SMITH, D.C., PRESIDENT

Sworn to and subscribed before me, a Notary Public, this the 24 day of July, 2020, witness my hand at office in the County of Bradley, State of Tennessee.


NOTARY PUBLIC

My commission expires August 10, 2021.

HF-0043

Revised 7/02



ATTACHMENTS

Attachment Section A-4.B
Certificate of Need



Tre Hargett
Secretary of State

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

LISA SEAMAN
900
607 MARKET STREET
KNOXVILLE, TN 37902

July 13, 2020

Request Type: Certificate of Existence/Authorization
Request #: 0372697

Issuance Date: 07/13/2020
Copies Requested: 1

Document Receipt

Receipt #: 005661376

Filing Fee: \$20.00

Payment-Credit Card - State Payment Center - CC #: 3785414853

\$20.00

Regarding: Oak Ridge Surgery Center, LLC
Filing Type: Limited Liability Company - Domestic
Formation/Qualification Date: 11/26/2019
Status: Active
Duration Term: Perpetual
Business County: ANDERSON COUNTY

Control #: 1064409
Date Formed: 11/26/2019
Formation Locale: TENNESSEE
Inactive Date:

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

Oak Ridge Surgery Center, LLC

- * is a Limited Liability Company duly formed under the law of this State with a date of incorporation and duration as given above;
- * has paid all fees, interest, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;
- * has filed the most recent annual report required with this office;
- * has appointed a registered agent and registered office in this State;
- * has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 040595827

Attachment Section A-5(1)
Scott Nation's CV

J. SCOTT NATION, RN

Mobile 423.653.6620 • snation@capitalsurg.com

CEO/FOUNDER OF CAPITAL SURGICAL PARTNERS, LLC Chief Executive Officer, COO, Partner, President, Senior and Vice President Operations

Over 28 years of performance-driven experience in the healthcare industry with continued demonstrated success in leadership, communication, and innovation at an executive level. Began ASC career as a Clinical Administrator, progressing to Vice President of Clinical Operations, then VP of Operations, West Coast for Titan Health Corporation.

Implemented the turnaround of numerous ambulatory surgery centers specializing in pain management, general surgery, orthopedics, ophthalmology, and ENT. Extensive experience in Joint Commission, AAAHC, and Medicare accreditation. Seasoned executive in all facets of ambulatory surgery center development, management, and operations.

CORE COMPETENCIES

- ASC Start-Up & Turnaround
- Market Assessment & Research
- Physician Syndication
- ASC Business & Clinical Analysis
- Strategic Business Planning
- Author of Clinical & Business Policies & Procedures
- Quality Care Initiatives
- Management Team Leadership
- Perfect ASC Compliance Record

EXECUTIVE HIGHLIGHTS

- Transformed CPM revenue cycle operations while increasing revenue by more than 25% in 6 months.
- Spearheaded all aspects of new multi-specialty ASC projects and repositioning of struggling centers while Operations Executive at Titan Health and Compass Surgical Partners.
- Implemented significant positive changes to business & clinical protocols dedicated to achieving increased operational metrics and outstanding patient outcomes.
- Decreased operating expenses over 10% & increased net revenue by 15% as Operations VP of West Coast which was instrumental in Titan Health's increased valuation during USPI merger.
- Successfully managed clinical operations for 20+ accredited multi-specialty surgery centers.

CAREER PROGRESSION

Ally Healthcare, LLC-Chattanooga, Tn (July 2020-Present)

Founded company which specializes in ASC turnarounds, development, revenue cycle management, and hospital joint venture projects. Established countless positive physician relationships in the surgery center market. Successfully acquired Southeastern Surgical CON in June of 2019.

Manage project plans from inception, opening of center, and continued management. Negotiate bank rates and terms for ASC financing, including detailed proformas and business plans. Prepare and manage center budget process (quality care protocols, capital expenditures, materials management, block utilization, and strategic planning). Establish physician relations to increase satisfaction and promote quality care. Facilitate quarterly meetings and oversee medical executive committees and governing boards.

CAPITAL SURGICAL PARTNERS, LLC-Chattanooga, TN (January 2018-June 2020)
CEO/Founder

Founded company which specializes in ASC development and turnarounds. Established countless positive physician relationships in the surgery center market. Successfully acquired first multi-specialty CON in 10 years for Southeast Tennessee.

Conduct business plans and strategies, develop business models, and participate in all facets of the business development and growth. Recruit and train management personnel to ensure the company's vision and goals are fully met. Physician syndication to increase market share, improve operations, and excel financially.

Manage project plans from inception, opening of center, and continued management. Negotiate bank rates and terms for ASC financing, including detailed proformas and business plans. Prepare and manage center budget process (quality care protocols, capital expenditures, materials management, block utilization, and strategic planning). Establish physician relations to increase satisfaction and promote quality care. Facilitate quarterly meetings and oversee medical executive committees and governing boards.

INSITE SURGICAL PARTNERS, LLC-Nashville, TN (January 2016 - August 2017)
Chief Operations Officer-Surgical Division

Startup of new surgical division for 67 practice pain management corporation.
Development of new surgery centers and acquisitions of existing surgery centers in key markets to company's current business.

Accomplishments:

Syndicated 8 new surgery center projects prior to company being sold to New York equity group.

CONSULTANTS IN PAIN MANAGEMENT-Chattanooga, TN (December 2014 – December 2015)
Chief Executive Officer

Managed daily operations of practice including 2 MDs, 8 providers, and 40 support staff. Revamped business office policies and procedures, systematically collecting aged receivables, decreased days in AR 30%, and increased collections over \$1 million dollars in first year. Streamlined the referrals process, new evaluations, office visits and procedure scheduling. Implemented quarterly management, provider, and support staff meetings. Negotiated new loan terms which consolidated practice debt and reduced annual overhead by \$100,000.

COMPASS SURGICAL PARTNERS, LLC- Raleigh, NC (July 2012 – December 2014)
Partner/Senior Operations Executive

Oversaw development of new centers, worked with architects and developers to design surgery centers focusing on flow and function requirements. Provided initial assessments and turn around services for

struggling ASCs. Syndication of ASCs to increase volume, improve operations, and excel financially. Successfully turned around multiple struggling centers in the Florida market.

Managed project plans from inception to opening-day of center. Conducted bank negotiations for rates and terms for new projects, which included proformas and business plans. Developed and managed center budgets while overseeing and training administrative staff members. Established physician relations to increase satisfaction, case volume and market share. Served on several medical executive committees and governing boards.

NATION SURGICAL CONSULTING, LLC-Chattanooga, TN (November 2011 – December 2017)
President/Owner

Provided ASC and physician practice consulting and detailed auditing services of all clinical and business office operations. Analyzed data and established forward-thinking strategies to improve operations and net revenue. Created project plans for de novo surgery center development. Successfully completed all goals and agreements.

TITAN HEALTH CORPORATION, LLC – Sacramento, CA (September 2005 – September 2011)
(Titan sold to USPI September 2011)

Key Positions

- **Vice President – ASC Operations West Coast (2010-2011)**
Role included visionary planning, management of ASC senior team, cash analysis, distribution goals, physician and management staff recruitment, retention, training, and incentive programs. Managed all administrative human resources issues including hiring, annual reviews, performance issues and compensation analysis. Developed progressive goals and objectives for centers including physicians, administrators, business and clinical employees. Negotiated all insurance contracts.
- **Vice President of Clinical Operations (2009-2010)**
Governed management and development of Clinical Directors for all centers. Proactively established goals for clinical metrics (hours per case, salaries per case, and materials per case) resulting in 10% improvement company wide. Developed Medicare and Joint Commission policies and procedures for compliance and improvement of patient outcomes. Instructor/Organizer of annual Clinical Director's Meeting. Provided specialty equipment negotiations, purchasing, and installation.
- **Turn Around Administrator for Multiple Locations (2006-2009)**
Surpassed operational deficiencies by increasing case volumes, education, and marketing. Renegotiated payer contracts, decreased material expenses, and restructured business office practices resulting in decreased total operating expenses and increased net income. Supervised hiring process and training of new ASC management.
- **Clinical Administrator (2005-2006)**
New center start-up, recruitment and training of all staff. Defined attainable goals in the corporation. Authored QI, Infection Control, Risk Management, Compliance, OSHA, and EOC plans. Achieved Medicare and Joint Commission accreditation upon opening

center. Recruited physicians, prepared annual budgets, managed business office operations. Performed over 500 cases/month within first year and surpassed budget/contribution goals every year.

Attachment Section A-5(2)
Management Service Agreement
(Revised)

Ally Healthcare

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (the “Agreement”) is made and entered into as of July 1, 2020 (“Effective Date”), by and between Ally Healthcare, LLC (“AH”), and Oak Ridge Surgery Center, LLC (the “Company”).

BACKGROUND

WHEREAS, the Company intends to operate an ambulatory surgery center located at 101 Donner Drive, Oak Ridge, TN 37830. (the “Center”);

WHEREAS, the Company desires to obtain the services of AH to manage the Center and AH desires to manage the Center.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained in this Agreement, the Company and AH agree as follows:

AGREEMENT

1. GENERAL.

1.1 Appointment of AH. The Company hereby retains AH for the purpose of providing management, administration and purchasing services and support to the Center. Subject to the ultimate authority of the Company to operate the Center, AH shall have authority and responsibility to conduct, supervise and manage the day-to-day operations of the Center.

1.2 Limits on AH Authority. Notwithstanding any other provision of this Agreement, AH shall not have the authority to undertake any of the following actions without first securing the consent of the Company’s Board of Managers (“Board”):

- 1.2.1** Any action inconsistent with this Agreement or the Company’s Operating Agreement as amended from time to time;
- 1.2.2** Operate the Company in a fashion inconsistent with the budgets and the written policies, procedures and directives of the Board;
- 1.2.3** Incur indebtedness by the Company other than trade payables incurred in the ordinary course of business and borrowings in the ordinary course under credit facilities previously approved by the Board, or grant or permit any security interest, mortgage or other lien in any asset of the Company other than under approved credit facilities;
- 1.2.4** Adopt an annual operating budget or an annual capital budget;
- 1.2.5** Approve a commitment for any single unbudgeted operating expenditure or several related operating expenditures or substitute any budgeted operating expenditure for any other budgeted expenditure in excess of Twenty Thousand Dollars (\$20,000) individually or in the aggregate when combined with Sections 1.2.6 and 1.2.7 during any Fiscal Year (amounts under each

such threshold being subject only to the approval of AH); provided that if the number of the Center's cases exceeds the number projected in the Company's current operating budget, then AH may increase the budget for each variable cost line item that is directly related to the number of cases by an amount that is proportionate to the increase in the number of cases and may make commitments based on the budget as so revised, which shall then constitute an approved budget;

- 1.2.6** Make any single unbudgeted capital expenditure or several related capital expenditures or substitute any budgeted capital expenditure for any other budgeted expenditure in excess of Twenty Thousand Dollars (\$20,000) individually or in the aggregate when combined with Sections 1.2.5 and 1.2.7 during any Fiscal Year (amounts under such threshold being subject only to the approval of AH);
- 1.2.7** Enter into any contract or transaction or series of related contracts or transactions which requires payments by the Company of more than Twenty Thousand Dollars (\$20,000) individually or in the aggregate when combined with Sections 1.2.5 and 1.2.6 during any Fiscal Year (amounts under such thresholds being subject only to the approval of AH) or which imposes restrictive covenants on the Company's business (such as contracts containing non-competition provisions); or
- 1.2.8** Authorize the settlement of any claim or litigation, whether insured or otherwise (excluding, however, reimbursement adjustments made in the ordinary course of business with third-party payers), for any amount greater than Five Thousand Dollars (\$5,000) or any claim or litigation, regardless of amount, alleging professional malpractice or claims involving damages other than monetary damages or non-monetary obligations of the Company.

1.3 Power of Attorney. Subject to the limitations in Section 1.2 and in the Company's Operating Agreement, as amended from time to time (the "Operating Agreement"), the Company hereby appoints AH its attorney-in-fact with full power on its behalf and in its name, or in the name of the Company, (a) to prosecute or defend any litigation or proceeding before any governmental agency arising out of the operation of the Center, after consulting with the Company and after receiving the Company's approval of the position to be taken in any adversarial situation affecting the Center, and (b) to enter into contracts relating to the affairs of the Center.

1.4 Duty of the Company. The Company covenants and agrees to cooperate with and provide AH with all information and documents, subject to applicable law, reasonably requested by AH including but not limited to medical, technical or equipment procedure problems or incidents related to the Center.

2. MANAGEMENT SERVICES.

2.1 General. AH will provide ongoing management of the operations of the Center as designated by the Board and consistent with this Agreement. Day-to-day oversight of the Company's operations will be provided by Onsite Managers who are located at the Center and will be employees of the Center or leased by a third party to the Center ("Onsite Managers"). The Onsite Managers will receive direction from AH.

2.2 Management Staff. AH will recruit, hire on behalf of the Company and train Onsite Managers; including the hiring of the Onsite Manager who is responsible for supervising and managing the business office (the "Administrator"). AH will place appropriate advertisements and screen potential candidates for the Onsite Manager positions. AH will from time to time make available to the Onsite Managers ongoing educational opportunities as approved by the Board. AH has the right to hire and terminate the employment of all Onsite Managers and Administrators.

2.3 Human Resources. The Onsite Managers will provide day-to-day supervision of employees at the Center and will be responsible for implementing the human resource policies and procedures. AH shall retain outside human resource legal counsel (at the Company's expense) and an outside human resource firm for questions that cannot be resolved at the Center level or that present a high level of risk to the Center as determined by AH.

2.4 Financial Operations. AH will oversee the financial operations at the Center and will provide systematic reporting to the Board on a regular basis no less frequently than monthly. AH will also provide the Company business office support to assist with accurate reporting of financial information and a system for cash management. AH will act as liaison with bankers and other financial support services to the Company. AH will train and work with Onsite Managers to implement business office functions and financial reporting. In furtherance thereof, AH will:

- 2.4.1** Provide financial reporting package to the Board on a monthly basis to include balance sheet, profit and loss statement and cash flow statement; report budget variances to the Board, and provide analysis for the Board on financial trends, including, but not limited to, advising the Board as to any changes in operation or circumstances which may cause a significant variation of the approved budgets;
- 2.4.2** Monitor and manage weekly and monthly cash flows, billing, collections, deposits, transfers and loan payments;
- 2.4.3** Prepare an annual operating and capital budget for the review and approval of the Board;
- 2.4.4** Assist in relating to banking or other third-party vendors working with the Center;
- 2.4.5** Coordinate auditing activities as necessary;
- 2.4.6** Coordinate and oversee the Company federal, state and local tax filings and reporting to the Company; and
- 2.4.7** Administrate the Company distributions in accordance with the Board's policies.

2.5 Payor Contracting. AH will share its expertise regarding payor contracting and recommend to the Board contracting strategies. AH will use internal resources to evaluate acceptable and unacceptable rates and provide that information to Onsite Managers and Board. At the Board's option, AH will assist with engaging an outside resource to evaluate payor contracting rates at the Company's expense.

2.6 Clinical Support. AH will provide support for the clinical operations of the Center to ensure quality of care and compliance with applicable regulations. AH will work with the Onsite Managers to coordinate necessary meetings.

2.7 Administrative Support. AH will provide support for administrative operations to comply with laws and regulations that affect the industry. AH will provide oversight of the timely payment of taxes, maintenance agreements and insurance coverage.

2.8 Information System. AH will work with Onsite Managers and management information system third-party contractors ("MIS") to implement and monitor technology necessary to oversee and grow the Center's business.

2.9 Business Office Support Services. AH will recruit and train the Administrator. AH shall provide ongoing support and supervision to the Administrator and will periodically audit the business functions of the Center to ensure services are being performed in an accurate manner.

2.10 Tax Matters. At the Company's expense, AH shall arrange for the preparation of any tax returns or tax reports required of the Company. The Company shall cooperate with AH in providing documents and information reasonably requested by AH for such purposes.

2.11 Devotion of Time. Notwithstanding anything to the contrary, AH is not obligated to devote all of AH's time or business efforts to the affairs of the Company. However, AH shall devote the time, effort and skill as is reasonably appropriate for the provision of services hereunder in a manner consistent with the management of other ambulatory surgery centers by AH.

2.12 Manner of Providing Services. AH shall perform its duties under this Agreement in good faith, in a manner reasonably believed to be in the best interests of the Company, and with at least such care as an ordinarily prudent person in a like position with like experience and qualifications would use under similar circumstances. In this regard, AH shall cause the Company to conduct its business and operations separate and apart from that of AH or any Affiliate of AH.

2.13 Licensing and Regulatory Compliance. AH shall assist the Company in maintaining on behalf of and in the name of the Company, all local, state and federal licenses, permits, certifications and approvals required in connection with the management and operation of the Center, including a Medicare provider number. AH shall supervise the preparation and submission on behalf of the Company of all necessary reports and filings, including cost and utilization reports, supporting data and other material required in connection with applicable federal and state reimbursement programs and other third-party payment contracts and programs in which the Company may from time to time participate. In addition, AH shall use commercially reasonable efforts consistent with the operation of the other ambulatory surgery centers managed by AH and its Affiliates to cause the Company to be in compliance with all local, state and federal laws and regulations of agencies having jurisdiction over the operations of the Center, and in order to comply

with requirements of payors, if the failure to comply with such laws would have a material adverse effect on the Center.

2.14 Clinical Matters. AH shall not be responsible for or have any authority with respect to the provision of medical or surgical care to patients of the Center. The Medical Director, pursuant to a Medical Director Agreement with the Company, and the physicians practicing at the Center shall be solely responsible for the provision of patient care to patients. Matters having both clinical significance and material non-clinical implications shall be decided by the Company's Board.

2.15 LIABILITY OF AH. AH SHALL NOT BE LIABLE TO THE COMPANY OR TO ANY MEMBER FOR ANY LOSS OR DAMAGE SUSTAINED BY THE COMPANY OR ANY MEMBER, UNLESS THE LOSS OR DAMAGE SHALL HAVE BEEN THE RESULT OF AH'S WILLFUL BREACH OF THIS AGREEMENT, OR AH'S GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT. IN PERFORMING AH'S DUTIES, AH MAY RELY ON INFORMATION OBTAINED FROM AGENTS OR CONSULTANTS RETAINED BY THE COMPANY IF AH REASONABLY AND IN GOOD FAITH BELIEVES SUCH PERSONS TO BE RELIABLE AND COMPETENT AS TO SUCH MATTER. OTHER THAN FOR INTENTIONAL MISCONDUCT, UNDER NO CIRCUMSTANCES SHALL AH'S AGGREGATE LIABILITY ARISING OUT OF THIS AGREEMENT EXCEED THE FEES ACTUALLY PAID BY THE COMPANY TO AH IN THE IMMEDIATELY PRECEDING TWELVE (12)-MONTH PERIOD UNDER THIS AGREEMENT. The parties acknowledge that AH has set its prices and entered into this Agreement in reliance upon the limitations of liability and the disclaimers of warranties and damages set forth herein.

2.16 Indemnification. Subject to Section 2.15, AH agrees to indemnify and hold Company harmless from and against any and all expenses, including reasonable attorneys' fees and costs of defense of any actions arising directly or indirectly out of or in connection with AH's gross negligence or intentional misconduct, or AH's breach of a material provision of this Agreement (other than with respect to any liability, claim, action, damage, expense or cost which was incurred by reason of the Company's or any of its employees' negligent act or negligent omission or willful misconduct). Company agrees to indemnify and hold AH harmless from and against any and all expenses, including reasonable attorneys' fees and costs of defense of any actions arising directly or indirectly out of or in connection with the operation of the Center or the Company's or Member's breach of a material provision of this Agreement (other than with respect to liability, claim, action, damage, expense or cost which was incurred by reason of AH's or any of its agents' or employees' gross negligence or willful misconduct).

3. BILLING AND COLLECTION.

3.1 Billing. The Company shall bill patients and collect the Center's facility fees for services rendered by the Company at the Company's expense. All billings for facility fees provided by the Company shall be in the name of and under the provider number of the Company. AH shall supervise the Onsite Managers appointed to oversee the Company's billing operations.

3.2 Operating Account. The Company agrees to establish and maintain a bank account, which shall be referred to as the Company's Operating Account, for the purpose of (a) depositing the proceeds of the funds collected under Section 3.1; and (b) paying (1) the salaries and benefits of the Company's employees and rent for the Company's facility, (2) the Management Fees and reimbursement owed pursuant to this Agreement, (3) other expenses that are the obligation of the

Company, and (4) distributions to the members of the Company and distributions from the Company's Operating Account shall be made in that order of payment. The Company shall designate persons as signatories on the Company's Operating Account as determined by the Board.

4. EMPLOYEES.

4.1 Center Employees. The Onsite Managers and other individuals who provide services primarily at the Center shall be employees of the Center. The Company retains the right to exercise direction and control over all personnel in the performance of their services for the Center. Subject to the ultimate authority of the Board and AH's right to supervise, the Onsite Managers shall be responsible for hiring, discharging, supervising payroll and other administrative functions usually performed by an employer. Subject to the authority of the Board, AH and the Onsite Managers shall consult with each other regarding establishing a schedule for holidays, vacations and sick leave policies.

4.2 AH Employees. AH's executive and personnel located at AH's offices shall be employees of AH, and AH shall be responsible for the payroll costs of such employees. AH retains the right to exercise direction and control over AH's employees, including the right to reassign or terminate all such personnel.

5. COMPENSATION AND REIMBURSEMENT.

5.1 Management Fee. For each calendar year, AH shall receive a Management Fee in an amount equal to five percent (5%). "Net Collections" means actual cash receipts in a calendar year from operations less refunds paid in such calendar year. The Management Fee shall be paid in monthly installments based on the prior month's collections by the twentieth (20th) calendar day following each respective month's end. Any unpaid Management Fee shall be accrued, and the Company shall not make any distributions to the members of the Company until the Company's payment of the Management Fee for the current month and the payment of any accrued, but unpaid, Management Fees for prior months.

5.2 Reimbursement. The parties intend that the Management Fee will reimburse AH for the cost of providing those routine management services to the Company provided by individuals whose normal responsibilities are dispersed among the Company, AH and other entities that AH manage. The Company is responsible for reimbursing AH for other ordinary and necessary Company expenses initially paid by AH, including (a) reasonable travel and lodging expenses for AH-affiliated employees while providing services to the Company, and (b) compensation costs for any Center personnel positions covered by AH employees. Board approval is deemed to have been obtained to the extent the expenses are included in a budget that is approved by the Board.

6. OWNERSHIP OF INFORMATION; CONFIDENTIALITY; COMPETITION.

6.1 Ownership of Systems. AH and the Company anticipate that most software used by the Company shall be third-party software purchased at the Company's expense. Except with the Company's prior written consent, all third party software will be licensed to the Company. AH retains all ownership and other rights in all AH created proprietary (or such created by third parties specifically for AH) manuals, computer software created by or on behalf of AH, financial information (including information relating to the valuation of AH and other managed entities and AH Affiliates) and other information marked "confidential" or "proprietary" where AH has taken

reasonable steps to maintain the confidentiality of such information (collectively referred to as the “AH Proprietary Systems”). Nothing contained in this Agreement shall be construed as a transfer of such AH Proprietary Systems or any portion thereof, either during the term of this Agreement or thereafter. Upon the termination or expiration of this Agreement, AH shall retain ownership of all of the AH Proprietary Systems and AH shall have no duty to update AH Proprietary Systems; provided, however, that the Company shall have the right to continue to use such AH Proprietary Systems in the same manner, and at the same cost, if any, as used before termination, and the right to modify such AH Proprietary Systems for its own internal use. AH shall have no duty to provide updates to AH Proprietary Systems after termination of this Agreement except as otherwise agreed in writing by the parties. In lieu of allowing the Company to continue to use any AH Proprietary Systems, AH shall have the right to provide the Company with substitute systems that are functionally equivalent or superior, at no additional cost to the Company. AH represents and warrants that such continued use shall not violate the intellectual property rights of any third parties; except that the Company may be required to pay license fees for the use of components of the AH Proprietary Systems that are licensed by AH from third parties on commercially reasonable terms.

6.2 Confidentiality of AH Proprietary Systems. The Company acknowledges that AH has invested a significant amount of its resources in developing and maintaining the AH Proprietary Systems and that the value to AH of the AH Proprietary Systems may be diminished or destroyed if the Company discloses the AH Proprietary Systems or any portion thereof to a third party. Accordingly, the Company shall maintain the confidentiality of the AH Proprietary Systems. The Company shall not duplicate or permit the duplication of any portion of the AH Proprietary Systems and shall not permit access to the AH Proprietary Systems by the Company’s personnel or any third party other than on a strict “need-to-know” basis and in the ordinary course of business. The Company shall take at least those steps that it would take to protect its own confidential information. The provisions of this Article 6 shall survive any termination or expiration of this Agreement.

6.3 Remedy. The Company agrees that the remedy at law for any breach of covenants contained in this section may be inadequate and would be difficult to ascertain and therefore upon an event of a breach or threatened breach of such covenants, AH, in addition to any other remedies, shall have the right to enjoin the Company from any threatened or actual activity in violation hereof. The Company hereby consents and agrees that a temporary or permanent injunction may be granted in any proceeding without the necessity of providing actual damages or posting a bond.

6.4 Access to Center; Confidentiality of Records. The Company shall own all of the Company’s business and medical records, including books of account, administrative records, patient records and other patient data, and copies of such records shall be maintained or available at the Company’s offices. AH shall, during the term hereof, be given access to the Company’s records to the extent necessary to carry out its obligations hereunder, subject to requirements for maintaining the confidentiality of patient medical records as established by law, and as more specifically set forth in **Exhibit A**, attached hereto and made a part hereof (the “HIPAA Business Associate Addendum”). AH shall maintain the confidentiality of all files and records, including patient records, of the Company, disclosing the same only as directed by law or by the Company in any particular instance; provided AH may provide financial and business records to third parties under a duty of confidentiality for purposes of evaluating AH (such as lenders or investors).

7. TERM AND TERMINATION.

7.1 Term. This Agreement shall commence upon date of fist cases performed and shall continue in full force and effect until the seventh (7th) anniversary of the Effective Date unless sooner terminated in accordance with this Article 7.

7.2 Termination for Breach. Notwithstanding Section 7.1, a party shall have the right to terminate this Agreement upon the occurrence of any of the following events by delivering to the other party written notice of its intent to terminate this Agreement:

7.2.1 the other party has been sanctioned by, barred or excluded from a government health program; or

7.2.2 a finding by an arbitrator under Section 9.2 of this Agreement, that a party has engaged in repeated or continuing gross negligence, willful misconduct or material breach of this Agreement or the Company's Operating Agreement; provided that the actions of the Company's employees shall not be imputed to AH.

Notwithstanding Section 7.2.2, in the event termination is for an alleged breach by AH, then before initiating the procedures under Section 9.2, the Board shall send AH notice describing in detail the basis upon which the Board believes such termination is justified. Upon receipt of such notice, AH shall have sixty (60) days during which to attempt to cure any alleged default under this Agreement or Company's Operating Agreement, and upon such cure being effectuated, the Company's rights to terminate shall cease and this Agreement will continue in full force and effect. Furthermore, if AH has diligently attempted to effect such a cure within such sixty (60)-day period but cannot complete such cure within such period, then AH shall have a reasonable time beyond such sixty (60)-day period not to exceed one hundred twenty (120) days to complete its cure of the alleged basis for the Company's election to terminate, provided AH diligently continues to attempt to cure; only after such cure period may the Board initiate procedures under Section 9.2 to have a determination of a breach of this Agreement.

7.3 Insolvency. A party may terminate this Agreement if the other party shall appoint or consent to the appointment of a receiver, trustee or liquidator of such party or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangements with creditors or to take advantage of any insolvency law, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating such party bankrupt or insolvent, and such order, judgment or decree shall continue un-stayed and in effect for any period of sixty (60) days. In addition, AH may terminate this Agreement if Company fails to pay Management Fees or Net Income Share or reimburse AH's expenses for a period of sixty (60) days.

8. NOTICE.

8.1 Notices. All notices, demands, requests and other communications or documents required or permitted to be provided under this Agreement shall be in writing by any means described in Section 8.2, and shall be given to the applicable party at its address or facsimile number set forth below or such other address or facsimile number as the party may later specify for that purpose by notice to the other party:

If to AH: Ally Healthcare, LLC
1100 Market Street, Suite 600
Chattanooga, TN 37402
Phone: (423) 653-6620

If to the Company: Oak Ridge Surgery Center, LLC
101 Donner Dr.
Oak Ridge, TN 37830
Facsimile: _____

8.2 Effective Date. Each notice shall be deemed given and received: (a) if given by facsimile, when the facsimile is transmitted to the party's facsimile number specified above and confirmation of complete receipt is received by the transmitting party during normal business hours on any business day or on the next business day if not confirmed during normal business hours; (b) if by hand, when delivered; (c) if given by nationally recognized and reputable overnight delivery service, the business day on which the notice is actually received by the party; or (d) if given by certified mail, return receipt requested, postage prepaid, two (2) business days after posted with the United States Postal Service.

9. MISCELLANEOUS.

9.1 Maintenance of Records. Upon the written request of the Secretary of Health and Human Services or the Comptroller General or any of their duly authorized representatives, AH and any of its Affiliates providing services with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12)-month period shall make available to the Secretary the contract, books, documents and records that are necessary to verify the nature and extent of the cost of providing such services. Such inspection shall be available up to four (4) years after the rendering of such services. The parties agree that any applicable attorney-client, accountant-client or other legal privilege shall not be deemed waived by virtue of this Agreement. To the extent that AH subcontracts any of its duties hereunder where the value or cost of the service component is Ten Thousand Dollars (\$10,000) or more within a twelve (12)-month period, AH will require a similar access clause in its written subcontracts.

9.2 Dispute Resolution.

9.2.1 Meet and Confer. The parties agree to meet and confer on any issue that is the subject of a dispute under this Agreement ("Meet and Confer") if initiated by another party to this Agreement. The party seeking to initiate the Meet and Confer procedures ("Initiating Party") shall give written notice to the other parties, describing in general terms the nature of the dispute, the initiating party's position and a summary of the evidence and arguments supporting its position, and identifying one (1) or more individuals with authority to settle the dispute on such party's behalf. (The individuals so designated by a party shall be known as the "Authorized Individuals.")

The party receiving such notice (the "Responding Party") shall have twenty (20) days within which to respond. The response shall include the Responding Party's position and a summary of the evidence and arguments supporting its position and shall also identify one (1) or more Authorized

Individuals with authority to settle the dispute on such party's behalf. The Authorized Individuals for the parties shall meet at a mutually acceptable time and place within ten (10) business days of the date of receipt of the Responding Party's response and thereafter as often as they deem reasonably necessary to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within twenty (20) days after the last date on which the meeting could take place in compliance with this section, then either party may initiate arbitration. All deadlines specified in this meet and confer provision may be extended by mutual agreement of the affected parties. The parties recognize that the authority of the Authorized Individuals, and any agreement that may be reached during the Meet and Confer process, may be subject to the approval of the respective member's governing board.

9.2.2 Binding Arbitration. If within thirty (30) days of the first meeting of the Authorized Individuals in Section 9.2.1, there is not a settlement, then the dispute will be finally resolved by arbitration administered by submitting a request to the Alternative Dispute Resolution Service (the "Service") of the American Health Lawyers' Association ("AHLA"), requesting that the Service select/appoint an arbitrator using Rules of Procedure developed by AHLA for selection of dispute resolvers, including the use of the ranking list, naming five (5) neutrals with relevant expertise. In filing the special request, a party shall complete the AHLA Request for Dispute Resolver List, accessed at www.healthlawyers.org/adr and identify the qualifications required in paragraph 9 of the Request as: a Neutral associated with a nationally recognized health care practice, with experience representing organizations that manage ambulatory surgical centers who does not currently perform a material amount of work for the Company or any member of the Company or their Affiliate.

9.2.3 Arbitration Terms. The fees for the special request shall be paid by the requesting party at the time of the request. The arbitration award will be final and binding on the parties, will not be subject to judicial appeal, will not include any punitive damages and will deal with the allocation of costs of arbitration, including legal fees and all related matters. Any monetary award will stipulate a rate of interest, deemed appropriate by the arbitrators, which will run from the date notice of the dispute was given under Section 9.2.1 until the date when the award is fully satisfied. The arbitration award will be promptly satisfied by the party against whom it is granted. Any cost or fee incident to enforcing the award will, to the maximum extent permitted by law, be charged against the party resisting enforcement. Judgment upon the award rendered may be entered in any court having jurisdiction, or application may be made to that court for a judicial recognition of the award or an order of enforcement thereof, as applicable. Either party may bring an action to enforce any award granted under this Section 9.2.

9.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall together constitute one agreement.

9.4 Enforceability. Should any part of this Agreement be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining portions.

9.5 Due Authorization. Each individual signing this Agreement warrants that such execution has been duly authorized by the party for which he is signing. The execution and performance of this Agreement by each party has been duly authorized by all applicable laws and regulations and all necessary corporate action, and this Agreement constitutes the valid and enforceable obligation of each party in accordance with its terms.

9.6 Amendment; Entire Agreement. This Agreement may not be modified or amended except in writing executed by both parties. This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior agreements and representations with respect to the subject matter hereof.

9.7 Assignment. The Company may not assign its rights or obligations under this Agreement without the written consent of AH. Except in the event of the merger or consolidation of AH, or the sale by AH of substantially all of its assets, AH shall not assign its rights or obligations under this Agreement, other than to a subsidiary corporation or other entity controlled by or under common control of AH (“Affiliate”), without the written consent of the Company, which consent shall not be unreasonably withheld. The terms, covenants, conditions, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns as permitted by this Agreement. The parties acknowledge that many of the services to be provided by AH hereunder may be delegated to Ally Healthcare, LLC and other AH Affiliates.

9.8 Further Acts. The parties do hereby covenant and agree that they and their successors and assigns will execute any and all instruments, releases, assignments and consents which may reasonably be required of them in order to carry out the provisions of this Agreement. Notwithstanding expiration or termination of this Agreement, each party hereto shall take such further actions as are necessary to fulfill its existing obligations, which by their terms require performance after expiration or termination of this Agreement.

9.9 Waiver. The waiver of either party of a breach of violation of any provision of this Agreement shall not operate or be construed to be a waiver of any subsequent breach thereof.

9.10 Independent Contractor. AH and the Company affirmatively state that the relationship created under this Agreement is that of an independent contractor.

9.11 Force Majeure. Either party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, riot or insurrection, law or regulation, strike, flood, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities, for so long as such event continues, and for a reasonable period of time thereafter, other than nonpayment under Article 5. This provision shall not, however, release such party from using its best efforts to avoid or remove such cause and such party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such party shall give prompt written notice thereof to the other party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.12 Interpretation. This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party hereto because said party drafted or caused the party's legal representative to draft any of its provisions, but shall be construed as if both parties had prepared this Agreement.

9.13 Attorneys' Fees. If legal action is commenced by either party to enforce or defend its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees in addition to any other relief granted.

9.14 Applicable Law. This Agreement shall be construed and governed in accordance with the laws of the state where the Center is located without reference to its conflicts of laws provisions.

9.15 Third-Party Beneficiaries. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of the terms and provisions of this Agreement on any person other than the parties to it, nor is anything in this Agreement intended to relieve or discharge the obligation or the liability of any third person to any party to this Agreement, nor shall any provision of this Agreement give any third persons any right of subrogation or action over or against any party to this Agreement.

9.16 Insurance. AH, at its sole cost and expense, shall provide, keep and maintain throughout the term of this Agreement, general casualty and liability insurance coverage in the minimum amount of One Million Dollars (\$1,000,000) for bodily injury and One Million Dollars (\$1,000,000) for property damage. AH also shall maintain policies of insurance against worker's compensation, unemployment compensation and disability insurance coverage for its employees as required by law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

AH:

COMPANY:

ALLY HEALTHCARE, LLC

OAK RIDGE SURGERY CENTER, LLC

By: _____

By: _____

Its: _____

Its: _____

Ally Healthcare

EXHIBIT A

Business Associate Agreement

Attachment Section A-6A(1)

Tax Assessment Data

State of Tennessee  Comptroller of the Treasury
Real Estate Assessment Data

Home	About	New Search	Return to List
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County Number: 001

County Name: ANDERSON

Tax Year: 2020

Property Owner and Mailing Address

Jan 1 Owner:
EMORY VALLEY CORP
SUITE A
100 DONNER DRIVE STE B
OAK RIDGE, TN 37830

Property Location

Address: DONNER DR 103

Map: 100F Grp: B Ctrl Map: 100C Parcel: 020.00 Pl: S/I: 000

Value Information

Reappraisal Year: 2020

Land Mkt Value: \$92,100
Improvement Value: \$1,034,200
Total Market Appraisal: \$1,126,300
Assessment %: 40
Assessment: \$450,520

General Information

Class:	08 - COMMERCIAL		
City #:	549	City:	OAK RIDGE
SSD1:	000	SSD2:	000
District:	02	Mkt Area:	O01
# Bldgs:	3	# Mobile Homes:	0
Utilities - Water / Sewer:	12 - NONE / NONE	Utilities - Electricity:	00 - NONE
Utilities - Gas / Gas Type:	00 - NONE	Zoning:	

Subdivision Data

Subdivision:
Plat Bk: 5 Plat Pg: 64D Block: Lot:

Additional Description

02 021CG 021CG58909 000

Building Information

Building # 1			
Improvement Type:	30 - OFFICE	Stories:	1
Living/Business Sq. Ft.:	3,529		
Foundation:	02 - CONTINUOUS FOOTING	Floor System:	01 - SLAB ON GRADE
Exterior Wall:	11 - COMMON BRICK	Structural Frame:	00 - NONE
Roof Framing:	02 - GABLE/HIP	Roof Cover/Deck:	03 - COMPOSITION SHINGLE

Cabinet/Millwork: 04 - ABOVE AVERAGE
 Interior Finish: 07 - DRYWALL
 Heat and A/C: 0 -
 Bath Tile: 01 - FLOOR ONLY
 Shape: 01 - RECTANGULAR DESIGN
 Act Yr Built: 1996

Floor Finish: 11 - CARPET COMBINATION
 Paint/Decor: 04 - ABOVE AVERAGE
 Plumbing Fixtures: 0
 Electrical: 03 - AVERAGE
 Quality: 01 - AVERAGE
 Condition: A - AVERAGE

Building Areas:
 Area: 30 Sq Ft: 3,529

Building # 2

Improvement Type: 30 - OFFICE
 Living/Business Sq. Ft.: 3,529
 Foundation: 02 - CONTINUOUS FOOTING
 Exterior Wall: 11 - COMMON BRICK
 Roof Framing: 02 - GABLE/HIP
 Cabinet/Millwork: 04 - ABOVE AVERAGE
 Interior Finish: 07 - DRYWALL
 Heat and A/C: 0 -
 Bath Tile: 01 - FLOOR ONLY
 Shape: 01 - RECTANGULAR DESIGN
 Act Yr Built: 1996

Stories: 1
 Floor System: 01 - SLAB ON GRADE
 Structural Frame: 00 - NONE
 Roof Cover/Deck: 03 - COMPOSITION SHINGLE
 Floor Finish: 11 - CARPET COMBINATION
 Paint/Decor: 04 - ABOVE AVERAGE
 Plumbing Fixtures: 0
 Electrical: 03 - AVERAGE
 Quality: 01 - AVERAGE
 Condition: A - AVERAGE

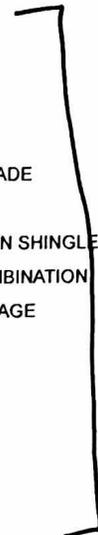
Building Areas:
 Area: 30 Sq Ft: 3,529

Building # 3

Improvement Type: 30 - OFFICE
 Living/Business Sq. Ft.: 4,828
 Foundation: 02 - CONTINUOUS FOOTING
 Exterior Wall: 11 - COMMON BRICK
 Roof Framing: 02 - GABLE/HIP
 Cabinet/Millwork: 04 - ABOVE AVERAGE
 Interior Finish: 07 - DRYWALL
 Heat and A/C: 0 -
 Bath Tile: 01 - FLOOR ONLY
 Shape: 01 - RECTANGULAR DESIGN
 Act Yr Built: 1996

Stories: 1
 Floor System: 01 - SLAB ON GRADE
 Structural Frame: 00 - NONE
 Roof Cover/Deck: 03 - COMPOSITION SHINGLE
 Floor Finish: 11 - CARPET COMBINATION
 Paint/Decor: 04 - ABOVE AVERAGE
 Plumbing Fixtures: 0
 Electrical: 04 - ABOVE AVERAGE
 Quality: 01 - AVERAGE
 Condition: A - AVERAGE

Building Areas:
 Area: 30 Sq Ft: 4,828
 Area: OPF Sq Ft: 18



Building 101

Extra Features

Bldg/Card#	Type	Description	Units
1	ASPHALT PAVING	50 SPACES	10,000

Sale Information

Sale Date	Price	Book	Page	Vac/Imp	Type Instrument	Qualification
05/20/1977	\$0	Y-13	292			

Land Information

Deed Acres: 1.87 Calc Acres: 0.00 Total Land Units: 1.87
 Land Type: 10 - COMMERCIAL Soil Class: Units: 1.87

Attachment Section A-6A(2)
Master Lease

COMMERCIAL LEASE AGREEMENT

THIS AGREEMENT AND LEASE ("Lease"), entered into as of the 1st day of June, 2020 by and between EMORY VALLEY CORPORATION, a Tennessee corporation ("Landlord"), and SSRS MANAGEMENT, LLC, a Tennessee corporation (Tenant").

WITNESSETH:

WHEREAS, Landlord is the owner of office buildings situated at 101 and 103 Donner Drive, Oak Ridge, Tennessee;

WHEREAS, Tenant is desirous under the terms and conditions hereinafter set forth, of leasing 101 and 103 Donner Drive and Landlord is desirous of leasing the Units (referred to hereinafter as the "Demised Premises") to Tenant.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the rent to be paid hereunder and other good and valuable considerations, the receipt and legal sufficiency of which is hereby acknowledged by Landlord and Tenant, the Landlord does hereby demise and rent to Tenant and Tenant does hereby rent and hire from Landlord the Demised Premises.

The following stipulations and conditions are hereby declared to be conditions of this Lease and shall, unless otherwise expressly stated, be applicable at all times, throughout the term of this Lease and any extensions or renewals thereof.

Article 1

Quiet Enjoyment

Tenant, upon paying the rents and performing all of the terms on its part to be performed, shall have peaceful and quiet enjoyment and possession of the Demised Premises herein during the term hereof and any renewals without any hindrance or molestation, subject nevertheless to the terms of this Lease, and to recorded easements, restrictions and liens.

Article 2

Term

The initial term of this Lease (the "Initial Leasehold Term") shall commence once refurbishments outlined in Exhibit A are completed (the "Leasehold Commencement Date"), and shall terminate at midnight, on May 31st, 2025 (the "Initial Termination Date"), unless the Initial Termination Date is extended pursuant to the provisions of Article 3 of this Lease, in which event, the Lease shall terminate as of expiration of the last Renewal Term.

Article 3

Renewal Option

Tenant has the option to renew or extend the term of this Lease for two (2) terms of two (2) years (each such additional term being referred to herein as a "Renewal Term"), unless Landlord notifies Tenant at least 90 days prior to the expiration of the term then in effect that the Lease will not be renewed.

Provided no notice from the Landlord is given, this Lease shall automatically renew after expiration of the Initial Leasehold Term and for any successive Renewal Term upon expiration of any prior Renewal Term unless Tenant shall provide written notice to Landlord at least 90-days prior to expiration of the term then in effect that Tenant does not desire nor intend to exercise the option to extend the Leasehold Term for the next, successive Renewal Term.

During the Initial Leasehold Term, Base Rent shall be paid as set forth in Article 5. The Base Rent shall be increased at the beginning of any Renewal Term hereunder to reflect increases in the cost of doing business as set forth in this Article. Increases in the Base Rent shall be calculated by adding to the Base Rent for the Initial Leasehold Term or the Adjusted Base Rent applicable during the First Renewal Term an amount equal to the product of the percentage change in the Consumer Price index ("CPI"), CPI being defined hereinafter, for the preceding twelve month (12) month period multiplied by the Base Rent applicable for the prior year. The CPI as used herein shall be the revised Consumer Price Index for Urban Wage Earners and Clerical Workers for all items - United States, published by the Bureau of Labor Statistics, U.S. Department of Labor, 1982-84 equals 100. In the event the U.S. Department of Labor Bureau of Labor Statistics ceases to publish the CPI, the parties hereto agree to substitute another equally authoritative measure of change in the purchasing power of the U.S. dollar as may be then available so as to carry out the intent of this article.

Basic monthly rent for the Initial Leasehold of three years shall be as follows:

1 May 2019 (Approximately)-30 April 2021	\$6,900 per month
1 May 2021-30 April 2022	\$7,040 per month
1 May 2022-1 May 2025	\$7,250 per month

Article 4

Use of Premises

Tenant shall have the right to use the Demised Premises for office use and use as a medical clinic and its ancillary services, including an ambulatory surgery treatment center.

Article 5

Deposit, Minimum Rent and Rent Due Dates

Upon the execution hereof, Tenant shall pay a deposit for 101 & 103 Donner Drive of \$6900. This deposit has already been received as per the Lease dated March 29th 2019. This deposit will be refunded after termination of this Lease provided all conditions of this Lease have been fulfilled. Tenant shall not be credited with any interest on said advancement. Tenant covenants and agrees to pay for the Demised Premises an annual rent (the "Base Rent") for each month during the term of this lease as set forth in Article 3. The first rent payment shall be due on the Leasehold Commencement Date as defined in Article 2. If the Leasehold Commencement Date occurs later than 1 May, the Base Rent shall be prorated; thereafter, rent shall be due on the first day of each month during the term hereof, payable at the office of Landlord or such other place as Landlord may from time to time direct, and rent shall be deemed timely if received by Landlord within ten (10) days of the due date thereof.

Article 6

Utility Charges

Tenant will pay all charges for electricity consumed at or supplied to the Demised Premises.

Article 7

Taxes and Insurance

Tenant will be responsible for obtaining insurance for Tenant's personal property located within the Demised Premises and payment of all personal property taxes and business and other taxes arising because of the operation of the business.

Article 8

Place of Payments and Notice

All payments and any notice required to be given to Landlord hereunder shall be paid or furnished, as the case may be, to Landlord at the following address:

Emory Valley Corporation
100 Donner Drive Suite B
Oak Ridge, TN 37830

Rent shall not be considered paid or received by the Landlord until physical receipt at the above address, or such other place as the Landlord might designate from time to time.

Article 9

Indemnity

Tenant covenants with Landlord that Landlord shall not be liable for any damage or liability of any kind or for any injury to or death of persons or damaged property of Tenant or any other person, from any cause whatsoever, by reason of the use, occupancy and enjoyment of the Demised Premises by the Tenant or any person thereon or holding under said Tenant, and that Tenant will indemnify and save harmless Landlord from all liability whatsoever, on account of any such real or claimed damage or injury and from all liens, claims and demands arising out of the use of the Demised Premises and its facilities, of any repairs or alterations which Tenant may make upon the Demised Premises, but Tenant shall not be liable for damage or injury occasioned by the negligence of Landlord and its designated agents, servants or employees, unless covered by insurance Tenant is required to provide. This obligation to indemnify shall include reasonable attorney's fees, investigation costs and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is to be made or may be made.

Article 10

Tenant's Improvements

Tenant may make interior or exterior, non-structural alterations to the Demised Premises at its own expense and may install trade fixtures, lighting fixtures and other machinery, equipment, decorations, additions and improvements. Structural and/or exterior changes may be made only after first obtaining the written consent of Landlord.

Article 11

Tenant's Fixtures and Equipment

Except in an event of uncured default, all improvements, fixtures and other equipment installed in the Demised Premises by Tenant at its own expense at any time or times either prior to or during the Initial Leasehold Term or any Renewal Term or terms of this Lease, shall belong to and be the property of Tenant; and Tenant shall have the right to remove the same either during or at the end of any such term, provided Tenant shall repair all physical damage to the premises caused by such removal.

If Tenant shall fail to remove its trade fixtures, other equipment or other property upon termination of this Lease by default or expiration of the term, such fixtures, equipment or other property not removed by Tenant shall be deemed abandoned by Tenant and at the option of Landlord shall become the property of Landlord, or at Landlord's option may be removed by Landlord at Tenant's expense, or placed in storage at Tenant's expense, or sold or otherwise disposed of, in which event the proceeds of such sale or other disposition shall belong to Landlord.

Article 12

Maintenance and Repairs

Tenant will, at its own expense during the term of the Lease or any extension, maintain the leased premises in a neat, orderly and clean manner. Tenant shall be responsible for repairing any damage to the premises occasioned by its own use, shall be responsible to insure that the premises are heated during unoccupied times so that plumbing is not injured by freezing, shall keep pull down ladders for attic access free from obstruction or be willing to move furniture as access to the attic is needed, shall replace light bulbs, and shall promptly report any injury to the premises to Landlord and perform minor repairs. Landlord shall be responsible for all other repairs.

Article 13

Failure to Repair

If Tenant (a) refuses or neglects to make repairs or replacements as required, or (b) if Landlord is required to make any repairs by reason of Tenant's omissions, Landlord shall have the right, but shall not be obligated, to make such repairs on behalf of and for the account of Tenant. In such event, such work shall be paid for in full by Tenant as additional rent promptly upon receipt of a bill therefor.

Article 14

Condemnation

In the event twenty percent (20%) or more of the Demised Premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority or by private purchase under threat thereof, at the sole option of Tenant, this Lease shall terminate and expire as of the date of such taking and Tenant shall thereupon be released from any further liability hereunder.

If this Lease is terminated in either manner hereinabove provided, the rent for the last month of the Tenant's occupancy shall be prorated and the Landlord agrees to refund to the Tenant any rent paid in advance. Such termination, however, shall be without prejudice to the rights of either Landlord or Tenant to recover compensation and damage from the condemnor resulting from such condemnation.

Article 15

Liens

Should any mechanic's or other liens be filed against the Demised Premises, or any part thereof, for any reason whatsoever by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within ten (10) days after receipt of written notice by Landlord.

Article 16

Compliance with Laws

Tenant shall, at Tenant's sole cost and expense: (a) comply with all the requirements of all county, municipal, state, federal and other applicable governmental or quasi-governmental authorities, now in force, or which may hereafter be in force, pertaining to its use of the Demised Premises, except that Tenant may defer compliance with and contest same provided Tenant first gives Landlord assurances satisfactory to Landlord against any loss, cost or expense on account thereof; (b) comply with and execute all rules, requirements and regulations of the Board of Fire Underwriters, Landlord's insurance companies and other organizations establishing insurance rates; (c) not suffer, permit, or commit any waste or nuisance; (d) not conduct any auction, distress, fire or bankruptcy sale; and (e) install fire extinguishers in accordance with insurance regulations.

Article 17

Accord and Satisfaction

No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent or any other payments due shall be deemed to be other than on account of the earliest rents or payments due, nor shall any endorsement or statement on any check or any letter accompanying any check or other payment be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or payment or pursue any other remedy in the Lease provided.

Article 18

No Waiver

Failure of Landlord to insist upon the strict performance of any provision of this Lease or to exercise any option or any rules and regulations herein contained shall not be construed as a waiver for the future of any such provision, rule or option. The receipt by Landlord of rent with knowledge of the breach of any provision of this Lease shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver be in writing signed by Landlord.

Article 19

Default by Tenant - Remedies of Landlord

In the event Tenant shall default in the payment of rent herein reserved, when due, and fails to cure such default within fifteen (15) days; or if Tenant shall be in default in performing any of the other terms or provisions of this Lease and Tenant fails to cure such default within thirty (30) days after the date of giving of written notice of default by Landlord; or if the Tenant shall file a voluntary petition of Bankruptcy or take the benefit of any insolvency act or be dissolved or adjudicated a bankrupt; or if a receiver shall be appointed for its business or its assets and the appointment of such receiver is not vacated within thirty (30) days after such appointment; or if the Tenant's interest herein shall be sold under execution; or if, whether voluntarily or involuntarily, Tenant takes advantage of any debtor relief proceedings under any present or future law, whereby the rent or any part hereof is, or is proposed to be, reduced or payment deferred; or if Tenant makes an assignment for the benefit of creditors; or if Tenant's effects should be levied upon or attached under process against Tenant, not satisfied or dissolved within ten (10) days after written notice from Landlord to Tenant to obtain satisfaction thereof; thence, and in any of such events, Landlord, at its option, may at once, or within six (6) months thereafter, declare all installments of Minimum Rent and additional rent for the remainder of the Lease term to be immediately due and payable, and/or the Landlord may terminate this Lease by written notice to Tenant; whereupon, this Lease shall end. Notwithstanding any other provision of this Lease, in the event that Tenant, its successors or permitted assigns, shall become insolvent or bankrupt, or shall make an assignment for the benefit of creditors, or if it or its interest hereunder shall be levied upon or sold under execution or other legal process, or in the event the business to be operated upon the Premises is closed by or is taken over by any banking authority of the United States or by any other banking supervisory authority, or in the event of any other uncured default hereunder by Tenant, Landlord may terminate this Lease if within ninety (90) days after written notice by Landlord of intent to terminate for any such event to any and all appropriate banking authority of authorities having supervisory and/or regulatory authority over Tenant, such supervisory or regulatory banking authority shall not have notified Landlord that such authority has elected to continue this Lease; provided, however, that in the event this Lease is terminated, the maximum claim of Landlord for damages or indemnity for injury resulting from the rejection of abandonment of the unexpired term hereof by the aforesaid banking authority shall in no event be in an amount exceeding the maximum amount then permitted by applicable state or federal law, plus an amount equal to the unpaid rent accrued, without acceleration, up to such date.

Any notice provided in this paragraph may be given by Landlord, or its attorney. Upon termination by Landlord, Tenant will at once surrender possession of the Demised Premises to Landlord and remove all of Tenant's effects (at option of Landlord) therefrom; and Landlord may forthwith re-enter the Demised Premises and repossess himself thereof, and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry or detainer or other tort.

Should the time reasonably required for correcting or removing the cause of any non-monetary default by Tenant under this Lease be a longer period than thirty (30) days, then if Tenant promptly after receipt of notice from Landlord to correct said default shall take steps to correct the same and procure the work with all reasonable dispatch, Tenant shall be deemed to have cured the default to the same extent as if the same had been corrected within the aforesaid thirty (30) day period.

In the event of such a default by Tenant, Landlord, as Tenant's agent, without terminating the Lease, may at Landlord's option enter upon and rent the Demised Premises at the best price obtainable by reasonable effort, without advertisement and by private negotiations and for any term Landlord deems proper. Tenant shall be liable to Landlord for the deficiency, if any, between Tenant's rent hereunder and the price obtained by Landlord on reletting.

Article 20

End of Term - Holding Over

At the expiration of this Lease, Tenant shall surrender the Demised Premises in the same condition as it was in upon delivery of possession thereto under this Lease, reasonable wear and tear expected, and shall deliver all keys and combinations to locks, safes and vaults to Landlord. Before surrendering the Demised Premises, Tenant shall remove all its personal property including all trade fixtures subject to the provisions of Article 10 above, and shall repair any damage caused thereby. Tenant's obligation to perform this provision shall survive the end of the term of this Lease.

Any holding over the expiration of this term or any renewal term shall be construed to be a tenancy at will at the rents herein specified (prorated on a daily basis), plus additional rent, at Landlord's option, of 20% of the daily rent then in effect for every day during which Tenant shall hold over, and shall otherwise be on terms herein specified so far as applicable.

Article 21

Assignment - Subletting

Tenant shall not assign, mortgage, encumber, or sublet the Demised Premises or any portion thereof without the Landlord's written consent, which consent shall not be unreasonably withheld, and in the event granted, no such assignment or sublet shall be made unless the assignee or subtee agrees as follows:

(a) The subtenant or assignee shall deliver to Landlord a written instrument whereby it assumes all of the obligations of the Tenant of this Lease.

(b) Tenant and its Guarantor(s), if any, shall deliver to Landlord, a written instrument agreeing to remain liable for (i) the payment of all rents under this Lease and any renewal options elected by Tenant, subtenant or assignee, and (ii) shall not be released from performing any of the obligations under this Lease.

The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting.

If the Tenant is a corporation (other than one whose shares are regularly and publicly traded on a recognized stock exchange), Tenant represents that the ownership and power to vote its entire outstanding capital stock belongs to and is vested in the officer or officers executing this Lease or members of his or their immediate family. If there shall occur any change in the ownership of and/or power to vote the majority of the outstanding capital stock of Tenant, whether such change of ownership is by sale, assignment, bequest, inheritance, operation of law or otherwise, without the prior written consent of Landlord, then Landlord shall have the option to terminate this Lease upon thirty (30) days notice to Tenant.

Article 22

Estoppel Statement

Within ten (10) days after request therefor by Landlord, or in the event that upon any sale, assignment or hypothecation of the Demised Premises and/or the land thereunder by Landlord, an estoppel statement shall be required from Tenant, Tenant agrees to deliver in recordable form a certificate to any proposed mortgagee or purchaser or to Landlord certifying (if such be the case) that this Lease is in full force and effect and that there are no defenses or offsets or defaults by Landlord thereto, or stating those claimed by Tenant.

Article 23

Partial Invalidity

If any provision of this Lease or application thereof to any person or circumstance shall to any extent be invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby and each remaining provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Article 24

Successor and Assigns

Except as otherwise provided herein, this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and assigns. Each provision to be performed by Tenant shall be construed to be both a covenant and a condition, and if there shall be more than one Tenant, they shall all be bound jointly and severally, by these provisions. In the event of any sale of the Demised Premises, Landlord shall be entirely relieved of all obligations hereunder, except those accruing prior to such sale or lease, and the Purchaser or Assignee shall assume all of the obligations of the Landlord accruing subsequent to such sale or lease. "Landlord" shall be deemed to be the Landlord in possession of the Demised Premises from time to time as fee owner or as ground lessee under a ground lease or a lessee under a leasehold interest.

Article 25

Captions

The captions, numbers and index appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe or describe the scope or intent of any paragraph, or in any way affect this Lease.

Article 26

Construction of Terms

In construing this Lease Agreement, feminine or neuter pronouns shall be substituted for those of masculine form and vice versa, and the plural for singular, and the singular for plural in any place in which the context may require.

Article 27

Force Majeure

If either party shall be delayed or hindered in or prevented from the performance of any act required hereunder, by reason of strikes, lock-outs, labor trouble, inability to procure materials by virtue of their unavailability, failure of power, restrictive Governmental laws or regulations, riots, insurrection, war or other reason of like nature not the fault of the party delayed, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of delay. At the date of such delay or hindrance, the party excused from performance shall provide notice to the other party of the reason for such delay or hindrance. The provisions of this Article 27 shall not operate to excuse the Tenant from prompt payment of Minimum Rent, percentage rent, additional rent, or any other payments required by the terms of this Lease, except as same may be incurred during delay in delivery, completion or opening of Tenant's Premises.

Article 28

Notice and Rental Payments

Any notice required or permitted by this Lease to be given by either personally delivered or sent by Registered or Certified Mail, properly addressed to the said party or his agent herein designated, at the last known address of the principal place of business of such addressee and deposited in the United States Post Office, and the date of such depositing shall be deemed the date of giving such notice. Until written notice from Tenant to the contrary, all notices to the Tenant shall be addressed to Tenant at the following address:

SSRS MANAGEMENT
PO BOX 2070
CLEVELAND TN 37320

Article 29

Entire Agreement, Etc.

This Lease and Exhibits, Riders and/or Addenda if any attached, set forth the entire agreement between the parties. Any prior conversations or writing are merged herein and extinguished. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed. Submission of this Lease for examination does not constitute an option for the Demised Premises and becomes effective as a Lease only upon execution and delivery thereof by Landlord to Tenant. If any provision contained in a rider or addenda is inconsistent with any other provision of this Lease, the provision contained in said rider or addenda shall supersede said other provision. Exhibit A, the Memorandum of Understanding which details the work to be performed by the Landlord, and Exhibit B, the floor plan referenced in Exhibit A, have been agreed to by the parties.

IN WITNESS WHEREOF, the parties have personally executed this instrument, or have caused the same to be executed by their duly authorized officers, have affixed their respective seals hereto, the day and year first above written.

TENANT:

LANDLORD:

By 

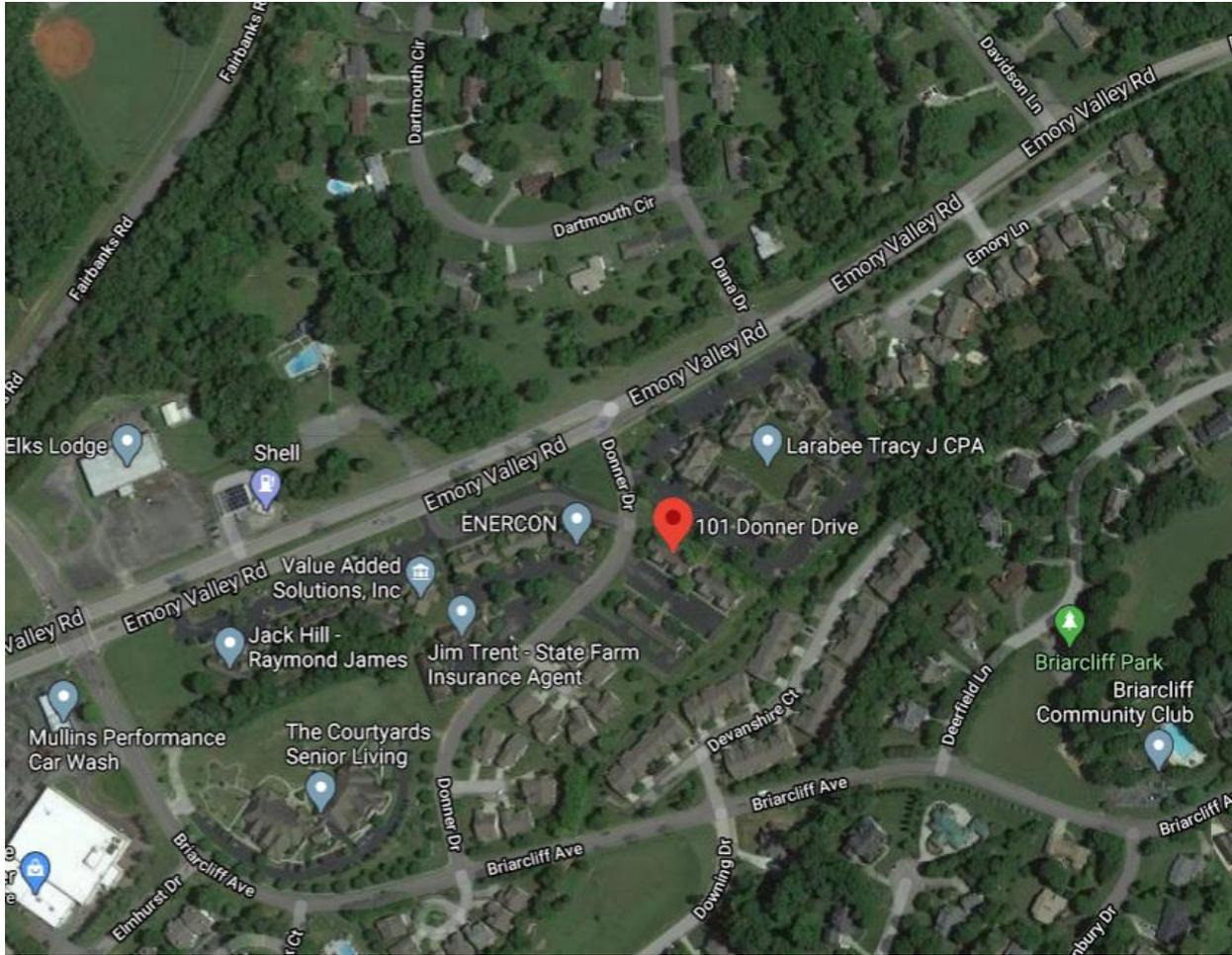
SSRS MANAGEMENT


By 

EMORY VALLEY CORPORATION

Attachment Section A.6.B.1(1)

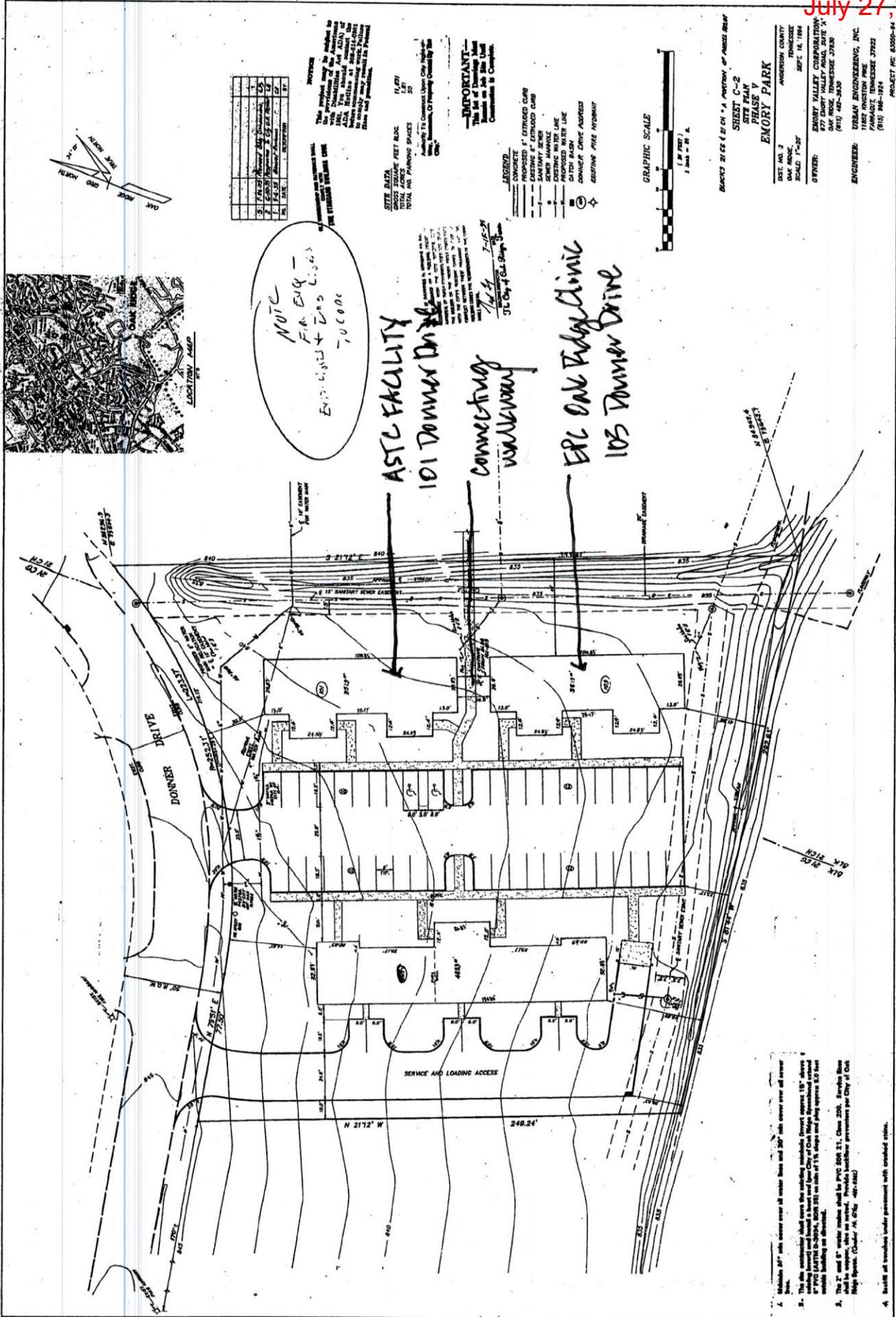
Map Location of ASTC in Oak Ridge, TN



101 Donner Dr.
Oak Ridge, TN 37830
Building

Attachment Section A.6.B.1(2)

**Plot Plan with ASTC and EPC Clinic Identified
(Updated)**



NOTE
FOR EUG -
EXISTING + 20'S C.S.3
70000

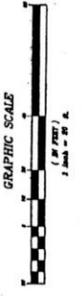
ASTC FACILITY
101 Donner Drive
connecting
walkway
ERC Oak Ridge Clinic
105 Donner Drive

NO.	DESCRIPTION	AMOUNT	DATE
1	ASTC FACILITY	11,471	
2	EXISTING + 20'S C.S.3	50	
3	TOTAL	11,521	

SITE DATA
TOTAL AREA: 11,471
TOTAL NO. PARKING SPACES: 50

IMPORTANT
This set of plans was prepared in accordance with the provisions of the Uniform Code of Ordinances, Chapter 12-1, of the City of Oak Ridge, Tennessee, and the provisions of the Tennessee State Code, Chapter 55-1-101, and the provisions of the Tennessee State Code, Chapter 55-1-102.

LEGEND
CONCRETE
PROPOSED 8" EXTERIOR CURB
EXISTING 8" EXTERIOR CURB
SEWER MANHOLE
EXISTING WATER LINE
DITCH BASIN
DONNER DRIVE ADDRESS
EXISTING FIRE HYDRANT

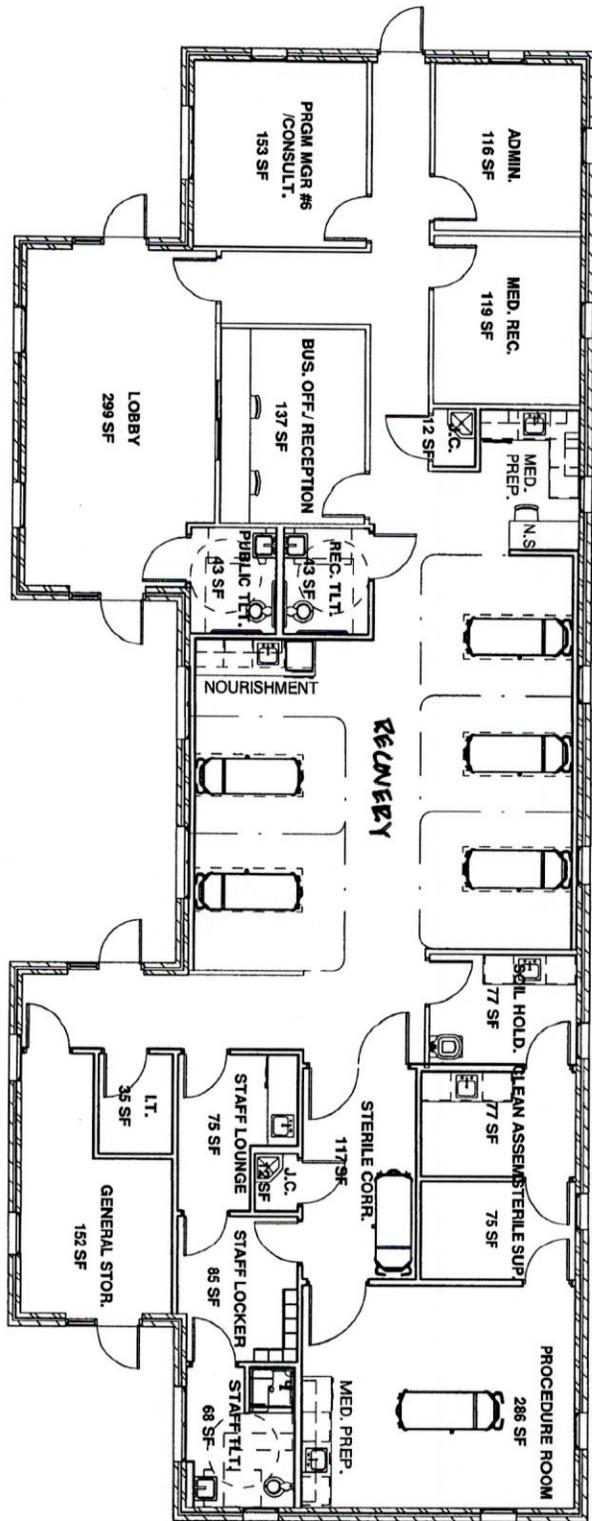


PROJECT: 2104 CH 4 - A, PARTWAY, OF AMESSE DRIVE
SHEET: C-2
PHASE: V
EMORY PARK
ADDRESS: COUNTY: ANDERSON COUNTY
DATE: 04-18-20
SCALE: 1"=20'
OWNER: EMORY VALLEY CORPORATION
477 EMORY VALLEY ROAD
OAK RIDGE, TENNESSEE 37830
ENGINEER: URBAN ENGINEERING, INC.
1182 WINSTON PINE
OAK RIDGE, TENNESSEE 37822
PROJECT NO.: 2104-04

1. All utility lines shall be shown with 3/8" thick cover over all cover lines.
2. The site boundaries shall show the existing outside (except where 15' above ground) and inside a foot and (per City of Oak Ridge) 15' above ground of P.O.C. (ASTM A-536), with 15' on both sides of 1% slope and plus approx. 6.0 feet above existing ground level.
3. The 2" and 4" water mains shall be PVC 80% ST. Class 200. Sewer lines shall be 4" and 6" vitrified clay pipe with manholes per City of Oak Ridge Specs. (Chapter 12, 12-1-101, 12-1-102).
4. Match all trenching under pavement with existing lines.

Attachment Section A.6.B.2

Floor Plan
(Updated)



NORTH

FIRST FLOOR ARCHITECTURAL PLAN
1/8" = 1'-0"

3464 SF TOTAL EXISTING

As Indicated

MBA
MBA
4605 E Star Drive, #205
Ocala, FL 32764
Tel: 352.237.7779
Fax: 352.237.8379

Attachment Section B – Economic Feasibility 2

Bank Letter



SOUTHERN
HERITAGE
BANK

Member FDIC

P O Box 4730
Cleveland, TN 37320-4730
423 473 7980
423 473 7985 Fax

SouthernHeritageBank.com

July 15, 2020

RE: Oak Ridge Surgery Center

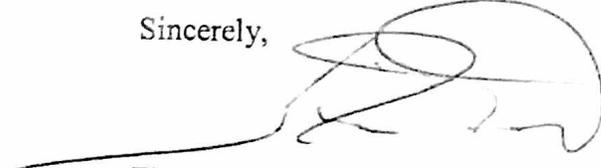
We understand that SSRS Management, LLC and their partners has applied for a CON which requires a letter from a qualified financial institution to support various borrowing needs. Turkey Creek Surgery Center, LLC's request, upon approval of CON, is for a 100% loan at 7 years for \$500,000 to finance tenant improvements, equipment and operating capital.

SSRS Management, LLC and their managing partners have a very good relationship with us. They currently have good deposits and have paid off over \$750,000 in loans since opening their business. Their history with us would indicate a strong ability to approve this loan subject to further due diligence and approval of the CON application.

The interest rate on this loan would most likely fall between 4.75% and 5.25%.

Should you have any further questions, please feel free to contact me directly.

Sincerely,



Tim Poteet

Community Bank President

(423)303-1723

Unbelievably Good

Attachment Section B – Economic Feasibility 6.A.2
SSRS Management Profit and Loss
And
Balance Sheet

SSRS Management

PROFIT AND LOSS

January - December 2019

	TOTAL
Income	
REVENUE	5,040,737.47
Total Income	\$5,040,737.47
GROSS PROFIT	\$5,040,737.47
Expenses	
Accounting Services	5,150.00
ADVERTISING & MARKETING	33,366.61
AMORTIZATION GOODWILL	10,000.00
AMORTIZATION LHI	244.00
BANK CHARGES	174.92
Cafeteria 125 Plan	507.00
COMPUTER SERVICES	175,829.53
CONSULTING	510,900.00
CONTINUING EDUCATION	2,981.07
Credit Card Fees/Interest	22,930.18
DEPRECIATION	41,900.00
DUES & SUBSCRIPTIONS	2,585.80
ELECTRONIC MEDICAL RECORDS	98,311.88
GENERAL INSURANCE	41,303.85
HEALTH INSURANCE	185,932.25
INSURANCE ELIGIBILITY	39,597.52
INTEREST EXPENSE	32,178.35
LEGAL FEES	11,391.70
License Fees	15,386.01
Life Insurance	9,697.52
MEDICAL SUPPLIES	507,755.18
Medicare Compliance Reviews	4,590.00
OFFICE RENTAL	357,142.42
OFFICE SUPPLIES & EXPENSE	35,088.72
Payroll Expenses	
Taxes	209,628.24
Wages	2,631,030.39
Total Payroll Expenses	2,840,658.63
PERSONNEL EXPENSE	
PAYROLL TAXES	0.00
WAGES	0.00
Total PERSONNEL EXPENSE	0.00
PHONE/INTERNET	52,027.72
Postage	2,064.76
REPAIRS & MAINTENANCE	4,210.47
Security System	3,327.89

SSRS Management

PROFIT AND LOSS

January - December 2019

	TOTAL
SMALL EQUIPMENT	5,600.00
Surgery Center	10,000.00
TAXES & LICENSES	24,903.93
UTILITIES	27,974.69
Total Expenses	\$5,115,712.60
NET OPERATING INCOME	\$ -74,975.13
Other Expenses	
GURANTEED PAYMENTS	106,200.00
Total Other Expenses	\$106,200.00
NET OTHER INCOME	\$ -106,200.00
NET INCOME	\$ -181,175.13

SSRS Management

BALANCE SHEET

As of December 31, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
SOUTHERN H BANK MGMT AC	8,439.16
SOUTHERN H BANK PAYROLL AC	919.64
Total Bank Accounts	\$9,358.80
Total Current Assets	\$9,358.80
Fixed Assets	
EQUIPMENT & FURNITURE	530,162.29
FURN & EQP ACCUMULATED DEPRECIATION	-530,162.00
LEASEHOLD IMPROVEMENTS	9,501.34
LEASEHOLD IMPROVEMENTS ACCUMULAED AMORTIZATION	-417.00
Total Fixed Assets	\$9,084.63
Other Assets	
GOODWILL	150,000.00
GOODWILL ACCUMULATED AMORTIZATION	-17,500.00
Total Other Assets	\$132,500.00
TOTAL ASSETS	\$150,943.43

SSRS Management

BALANCE SHEET

As of December 31, 2019

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
RUSTY AMEX (deleted)	36,528.59
SHANNON AMEX (deleted)	36,839.97
SHANNON CAPITAL ONE (deleted)	21,260.53
SHANNON MARRIOT VISA (deleted)	38,507.96
Total Credit Cards	\$133,137.05
Other Current Liabilities	
Direct Deposit Payable	0.00
Payroll Liabilities	0.00
Cancer Assist	0.00
Critical Illness	0.00
Dental P5430 - Basic	0.00
Dental VPPO	0.00
Federal Taxes (941/944)	0.00
Federal Unemployment (940)	0.00
General Sessions Judgement-1	0.00
Heritage- HSA	0.00
Hospital Policy	0.00
Ind. Disability	0.00
Individual Accidental	0.00
Individual Medical Bridge	0.00
Life Insurance -AFLAC	0.00
Term Life Col	0.00
TN Quarterly Taxes	0.00
UHC - HSA Plan	0.00
UHC- COPAY PLAN	0.00
Vision Voluntary	0.00
Whole Life Col	0.00
Total Payroll Liabilities	0.00
Total Other Current Liabilities	\$0.00
Total Current Liabilities	\$133,137.05
Long-Term Liabilities	
LEASE PURCHASE DELL COMPUTERS	18,519.25
LEASE PURCHASE ASCENTUM CARMS & ULTRASOUND	204,082.92
LEASE PURCHASE ASCENTUM XRAY MACHINE	36,203.56
Total Long-Term Liabilities	\$258,805.73
Total Liabilities	\$391,942.78

SSRS Management

BALANCE SHEET

As of December 31, 2019

	TOTAL
Equity	
MEMBER CONTRIBUTIONS JAMES JENKINS	150,000.00
MEMBER CONTRIBUTIONS RUSTY SMITH	965,288.87
MEMBER CONTRIBUTIONS SHANNON SKIPPER	965,288.87
Retained Earnings	-2,140,401.96
Net Income	-181,175.13
Total Equity	\$ -240,999.35
TOTAL LIABILITIES AND EQUITY	\$150,943.43

Certificate of Need Application

Replacement Pages

A. Overview

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

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

Response: The Applicant seeks authorization for the establishment of a new single specialty ambulatory surgical treatment center (ASTC) for the purpose of providing interventional pain management injections and procedures. The proposed ASTC will have one (1) procedure room and no designated operating rooms since pain management procedures do not require a sterile environment. Only local and intravenous sedation will be utilized; no general anesthesia or monitored anesthesia care will be used. The ASTC will be operated primarily as a practice-based facility for the pain management specialists at Elite Pain Consultants, PLLC (“EPC”). The Applicant is a new institution and the project does not include any major medical equipment or require bed complement changes and holds no other outstanding certificates of need.

EPC operates three (3) licensed pain management clinics in Knoxville, Oak Ridge and Cleveland, Tennessee. In the ASTC, EPC’s board-certified interventional pain management specialists will perform medial block branch injections, radial frequency ablations of all three areas, caudal epidurals, spinal cord stem trial stimulators, genicular nerve blocks on the knee, occipital blocks (neck), and major joint injections, all with conscious sedation anesthesia. The initial participating interventional pain management specialist physician is Todd Ussery, M.D., who is the sole member of EPC. EPC also employs Timothy Bunker, M.D. at its Knoxville Clinic location. Dr. Ussery will perform most of the pain management procedures at the ASTC since he covers the Oak Ridge and Cleveland clinics for EPC, but Dr. Bunker may come to the ASTC on days when Dr. Ussery is not present to perform procedures on his Knoxville patients who need pain procedures and prefer Dr. Bunker to perform the procedures.

The project will be a renovation of an existing facility adjacent to the EPC Oak Ridge clinic location, with separate entrances and a separate address. The proposed ambulatory surgery center will be approximately 3484 square feet.

- 2) Ownership structure;

Response: The Applicant and proposed licensee is Oak Ridge Surgery Center, LLC. Oak Ridge Surgery Center, LLC is a recently established Tennessee limited liability company which was formed for the purpose of owning the proposed surgery center. Its ownership will consist of one surgeon performing services at the facility and two management companies which will share management/administrative operational duties. The ASTC will initially be owned by Dr. Ussery (15%), SSRS Management, LLC (the EPC Practice Management Company) (70%), and Ally Healthcare, LLC (the ASTC Management Company) (15%). Dr. Ussery is a 100% owner of Elite Pain Consultants, PLLC (EPC). The Applicant projects that the ASTC will primarily serve patients from the Oak Ridge and Knoxville clinic locations, although there may be Cleveland patients who also elect to travel to the ASTC, since no ASTC is available in Cleveland.

- 3) Service area;

4. **PROJECT DETAILS**

A. Owner of the Facility, Agency or Institution

Oak Ridge Surgery Center, LLC		423-653-6620
Name		Phone Number
101 Donner Drive		Anderson
Street or Route		County
Oak Ridge	TN	37830
City	State	Zip Code

B. Type of Ownership of Control (Check One)

- | | | | |
|---------------------------------|-------|--|--------------|
| 1) Sole Proprietorship | _____ | 6) Government (State of TN or Political Subdivision) | _____ |
| 2) Partnership | _____ | 7) Joint Venture | _____ |
| 3) Limited Partnership | _____ | 8) Limited Liability Company | <u> X </u> |
| 4) Corporation (For Profit) | _____ | 9) Other (Specify)_____ | _____ |
| 5) Corporation (Not-for-Profit) | _____ | | |

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

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.

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

Ally Healthcare, LLC		Hamilton
Name		County
1100 Market St., Suite 600		37402
Street or Route		Zip Code
Chattanooga	TN	
City	State	

Website address: www.capitalsurgicalpartners.com

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

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Oak Ridge Surgery Center, LLC		3484			3484	0	3484
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF					3484		3484
*Total Cost					\$348,400		\$348,400
**Cost Per Square Foot					\$100		\$100
Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)					<input checked="" type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input checked="" type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd 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.

* defined as the summation of the minutes by each room available for scheduled cases
 Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs./ day X
 60 min/hr. = 540 minutes/ day X 5 days/week = 2,700 minutes / week X 50
 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite
 schedulable capacity.

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

Response: Since the sterile environment/general anesthesia available in an operating room is not necessary for the pain management procedures performed by EPC physicians, only ASTC's with a procedure room have been taken into account. In Joint Annual Reports for 2019, the only multi-specialty ASTC in Anderson County, Advanced Family Surgery Center, does not report using its procedure room and did not perform pain management services. There are three (3) surgery centers in Knox County which report having procedure rooms in which pain management cases are performed. The overall utilization percentage of these three (3) ASTCs is 114.1%, but one of those ASTC's (Knoxville Orthopaedic) is at 280.7% of capacity. The remaining two (2) of the three existing ASTC's have excess procedure room capacity: Parkwest Surgery Center and Smoky Mountain Ambulatory Surgery Center. However, as discussed in Item #4 below, especially given their location in Knox County as opposed to Anderson County, they are not viable alternatives to the proposed ASTC.

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

Response: There is only one multi-specialty ASTC in Anderson County with a procedure room, Advanced Family Surgery Center; however, it does not perform pain procedures according to the 2019 JAR Report. Additionally, it is noted that while it does have one procedure room, the JAR reporting indicates that the procedure room has never been utilized, even when pain procedures were performed in prior years.

The 2019 JAR Reports for utilization of the three (3) ASTC's in Knox County with procedure rooms in which pain management procedures have been performed is shown below:

County	ASTC	M or S	# PRs	# PR Cases	# Cases per PR	% of meeting 1,867 Optimal Standard
Knox	Parkwest	M	1	964	964	51.6%
Knox	Knoxville Orthopaedic	M	1	5241	5241	280.7%
Knox	Smoky Mountain	S	1	183	183	9.8%

PROJECTED DATA CHART

Project Only
 Total Facility

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

	Year <u>2021</u>	Year <u>2022</u>
A. Utilization Data		
Specify Unit of Measure: <u> </u> Cases <u> </u>	<u>2250</u>	<u>2500</u>
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u> </u>	\$ <u> </u>
2. Outpatient Services	<u>5,064,750</u>	<u>5,627,500</u>
3. Emergency Services	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>	<u> </u>	<u> </u>
Gross Operating Revenue	\$ <u>5,064,750</u>	\$ <u>5,627,500</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 3,422,004</u>	<u>\$ 3,838,652</u>
2. Provision for Charity Care	<u>50,648</u>	<u>56,275</u>
3. Provisions for Bad Debt	<u>75,971</u>	<u>84,413</u>
Total Deductions	\$ <u>3,548,623</u>	\$ <u>3,979,340</u>
NET OPERATING REVENUE	\$ <u>1,516,127</u>	\$ <u>1,648,160</u>
D. Operating Expenses		
1. Salaries and Wages	<u> </u>	<u> </u>
a. Direct Patient Care	<u>325,146</u>	<u>361,275</u>
b. Non-Patient Care	<u>212,596</u>	<u>236,225</u>
2. Physician's Salaries and Wages	<u>n/a</u>	<u>n/a</u>
3. Supplies	<u>211,500</u>	<u>235,000</u>
4. Rent	<u> </u>	<u> </u>
a. Paid to Affiliates	<u>41,400</u>	<u>41,400</u>
b. Paid to Non-Affiliates	<u> </u>	<u> </u>
5. Management Fees:	<u> </u>	<u> </u>
a. Paid to Affiliates	<u>75,806</u>	<u>82,408</u>
b. Paid to Non-Affiliates	<u> </u>	<u> </u>
6. Other Operating Expenses (D6)	<u>128,285</u>	<u>133,510</u>
Total Operating Expenses	\$ <u>994,733</u>	\$ <u>1,089,818</u>
E. Earnings Before Interest, Taxes and Depreciation	\$ <u>521,394</u>	\$ <u>558,342</u>
F. Non-Operating Expenses		
1. Taxes	<u>\$ 26,005</u>	<u>\$ 26,694</u>
2. Depreciation	<u>29,000</u>	<u>28,500</u>
3. Interest	<u>25,000</u>	<u>22,500</u>
4. Other Non-Operating Expenses	<u>n/a</u>	<u>n/a</u>
Total Non-Operating Expenses	\$ <u>80,005</u>	\$ <u>77,694</u>
NET INCOME (LOSS)	\$ <u>441,389</u>	\$ <u>480,648</u>

Chart Continues Onto Next Page

NET INCOME (LOSS)	\$ 441,389	\$480,648
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$	\$
2. Annual Capital Expenditure	30,000	30,000
Total Other Deductions	\$ 30,000	\$ 30,000
332,197 NET BALANCE	\$ 411,389	\$ 450,648
DEPRECIATION	\$ 29,000	\$ 28,500
FREE CASH FLOW (Net Balance + Depreciation)	\$ 440,389	\$ 479,148

Project Facility

Total Only

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER OPERATING EXPENSES CATEGORIES</u>	Year <u>2021</u>	Year <u>2022</u>
(D6)		
1. <u>Professional Services Contract</u>	\$ 25,657	\$ 26,800
2. <u>Utilities</u>	18,000	18,540
3. <u>Dues and License</u>	6,000	6,000
4. <u>Purchased Services</u>	20,000	20,000
5. <u>General and Administrative</u>	28,250	29,500
6. <u>Building and Equipment Maintenance</u>	21,400	22,800
7. <u>All Other Expenses</u>	8,978	9,870
*Total Other Expenses	\$ 128,285	\$ 133,510

**Total other expenses should equal Line D.6. In the Projected Data Chart*

Project Only Chart

Year	2nd Previous Year to Most Recent Year _____	1st Previous Year to Most Recent Year _____	Most Recent Year _____	Projected Year 1 Year <u>2021</u>	Projected Year 2 Year <u>2022</u>
Net Operating Margin Ratio	N/A	N/A	N/A	34.39%	33.88%

Total Facility Chart

Year	2nd Previous Year to Most Recent Year _____	1st Previous Year to Most Recent Year _____	Most Recent Year _____	Projected Year 1 Year _____	Projected Year 2 Year _____
Net Operating Margin Ratio	N/A	N/A	N/A	N/A	N/A

- C. Capitalization Ratio: The Long-term debt to capitalization ratio 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 self or parent company funded projects, provide the capitalization ratio using the most recent year available from the funding entity’s audited balance sheet, if applicable. Capitalization Ratios are not expected from outside the company lenders that provide funding. **This question is applicable to all applications regardless of whether or not the project is being partially or totally funded by debt financing.**

Response: This facility does not currently have a capitalization ratio to report.

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. 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. Complete Project Only Chart and Total Facility Chart, if applicable.

Applicant’s Projected Payor Mix, Year 1
Project Only Chart

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$2,329,786	46%
TennCare/Medicaid	\$506,475	10%
Commercial/Other Managed Care	\$1,772,663	35%

Self-Pay	\$101,295	2%
Other (Specify) <u>Worker's Comp</u>	\$354,531	7%
*Total	\$5,064,750	100%
Charity Care	\$50,648	0%

*Needs to match Gross Operating Revenue Year One on Projected Data Chart

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 (FTEs) positions for these positions. 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, such as the US Department of Labor. Wage data pertaining to healthcare professions can be found at the following link: https://www.bls.gov/oes/current/oes_tn.htm.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
<i>RN/LPN</i>		2.0	30.00	28.41*
<i>Scrub Techs</i>		1.0	23.00	22.66*
<i>First Assistant</i>		0	26.00	26.18*
<i>Radiology Tech</i>		1	24.00	24.05*
<i>Patient Care/Pre-testing</i>		1	26.00	28.47*
Total Direct Patient Care Positions		5	26.60	25.95

B. Non-Patient Care Positions				
<i>Director</i>		0	49.00	48.87*
<i>Business Office Mngr.</i>		1	29.00	30.45**
<i>Clinical Director</i>		1	40.38	43.51**
<i>Material Mngr.</i>		0	24.00	17.68*
<i>Desk/Reception/Sched</i>		1	16.00	12.37***
<i>CSP Techs</i>		0	24.50	17.68*
<i>Biller</i>		0	19.00	21.50***
Total Non-Patient Care Positions		3	28.46	28.77
Total Employees (A+B)		8	27.30	27.36
C. Contractual Staff				
Total Staff (A+B+C)		8	27.30	27.36

*Median Wage by TDOLWD website

**Average Wage by Indeed.com

***Average Wage by Salary.com

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Heidi A. Barcus^{Δ†}
Ida Elizabeth Bond
Meagan Davis Collver
Patti T. Cotten
R. Scott Durham[†]
J. Spencer Fair[†]
Edward F.M. Good, M.D., J.D.[◊]
Diana L. Gustin
Ian P. Hennessey[⊕]
Luke P. Ihnen
Jessica Jernigan-Johnson
Hillary B. Jones
Margaret G. Klein
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^{*} Tennessee Supreme Court Rule 31 Listed General Civil Mediator
[⊕] Also Licensed in Georgia
[†] Also Licensed in Illinois
[†] Also Licensed in Kentucky
[◊] Also Licensed in New Mexico
[#] Also Licensed in North Carolina
^{*} Also Licensed in Virginia
[◊] Of Counsel

July 29, 2020

Mr. David Elenbaas
Health Data and Policy Administrator
State of Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

RE: Certificate of Need Application CN2007-018
Oak Ridge Surgery Center, LLC

Dear David:

I have enclosed the Applicant's Second Supplemental Response to your letter dated July 28, 2020 for your review.

If you have any questions or require additional information, please contact me at 336.391.2892 or patti@londonamburn.com

Very Truly Yours,



Patti T. Cotten

Enclosures

OAK RIDGE SURGERY CENTER, LLC

Second Supplemental
Response



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

July 28, 2020

Patti T. Cotten
London & Amburn, P.C.
607 Market Street, Suite 900
Knoxville, TN 37902

RE: Certificate of Need Application CN2007-018
Oak Ridge Surgery Center, LLC

Dear Ms. Cotton:

This will acknowledge our July 27, 2020 receipt of your response to Supplemental #1 for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center providing interventional pain management and injections at 101 Donner Drive, Oak Ridge (Anderson County), Tennessee 37830.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:30 pm, July 30, 2020. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. **Section A, Applicant Profile, Item 5, Name of Management/Operating Entity.**

The clarification of the management entity and replacement page 8-R is noted. The replacement page still shows the Capital Surgical Partners website and street address. Is this correct? If not, please correct and submit a replacement page 8-R.

Response: Ally Healthcare, LLC is a single member LLC that Scott Nation formed to continue his business endeavors. He has not changed his website address nor his street address – as they remain the same – he simply is operating under a different entity.

The vitae of Mr. Nation is noted. However, please clarify the degree of experience Mr. Nation has in actively managing the day to day clinical operations of an ASTC. In addition, how many ASTC's does Ally Healthcare, LLC currently manage/operate?

Response: Scott began his ASTC career with Titan Health Corporation back in 2005, where he was eventually promoted to VP for ASC Operations on the West Coast at the time Titan sold to USPI. He was actively involved in management of Titan's 14 West Coast surgery centers. He worked with several ASTC's in Raleigh, NC under Compass Surgical Partners (2012 – 2014) and developed 8 surgery centers for Insite in 2017. He's been in and around the ASTC business for fifteen (15) years, most recently operating Capital Surgical Partners, LLC where he worked to develop and manage the Chattanooga Pain Surgery Center. Ally Healthcare, LLC, as Mr. Nation's new management/consulting entity, will have the proposed ASTC as its first ASTC client. Applicant is confident in Mr. Nation's history of working with ASTC's and his ability to manage its ASTC.

2. Section A, Applicant Profile, Item 12 Square Footage and Cost Per Square Footage Chart

Replacement page 14-R in response to Question 14 is noted. However, the quartile selection is still incorrect. Please correct and submit a replacement page.

Response: Please see updated **replacement page 14-R**.

3. Section B, Need, Item 2. (Specific Criteria - ASTC). Need and Economic Efficiencies

Replacement page 18-R in response to Question 15 is noted. However, the chart requested in the question was not included on the replacement page. The chart to be corrected is snipped below.

Procedure Rooms	# Cases	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Procedure Room #1 (YEAR 1)	2250	22,500	22,500	54,000	83.33%
Procedure Room # 1 (YEAR 2)	2500	25,000	25,000	54,000	92.6%

Response: Please see updated **replacement page 18-R**.

4. Section B. Economic Feasibility Item 1.B

It is noted the property value of the property for the proposed project is \$1,076,000. Per the Agency application, 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. Please revise the Project Cost Chart to reflect the fair market value of the property.

Response: According to 2020 tax appraisals, the improvement value for the entire medical complex is \$1,034,200. That complex contains 3 medical office buildings, including Building 101 where the ASTC will be located. Based on the proportionate square footage of Building 101 compared to Building 103 and Building 105 (which is larger than the other two), we estimate the per square footage fair market value to be \$85.00, making the estimated fair market value of Building 101 ($\$85.00 \times 3,450 \text{ s.f.}$) = \$293,250.00. Thus, the fair market value of Building 101 exceeds the 5 year lease payments (\$214,315.00) by \$78,935.00, bringing the revised estimated Project Cost to \$994,650.00.

We have revised the Project Cost Chart and project cost references throughout the application accordingly. Please see **replacement pages 4-R, 29-R, 31-R**.

5. Section B, Economic Feasibility, Item 2. Funding

The funding letter from Southern Heritage Bank in response to Question 25 is noted. However, the letter is referring to a possible loan to Turkey Creek. Please obtain a bank financing letter for Oak Ridge Surgery Center and resubmit.

Response: Please see the updated Bank letter as **Attachment Section B-Economic Feasibility – 6A**

6. Section B, Economic Feasibility, Item 7. Applicant's Projected Payor Mix

The revised 'Applicant's Projected Payor Mix' chart per Question 29, in which the Charity Care was removed from the total charges, is noted. However, the \$50,648 Charity Care was then added to the Gross Operating Revenue for Medicare/Managed Care (changed from \$2,279,138 to \$2,329,786). What assumption changes were made to projected cases or charges causing the increase in that revenue category?

Response: The 1% of Gross Revenues assigned to Charity Care in the original table (above the Total line) was originally pulled from the Medicare collections projections to allow for charity care based on patients who financially cannot afford a needed procedure. So, the 1% amount was dropped backed into the Medicare collections projections when we

moved Charity Care projections below the "Total" line. Certainly, payor mix percentages vary slightly month to month as well, so projections as to which payor/patients will require the charity care dollars are inexact. For additional information, please see Attachment B, Economic Feasibility, Item 7 for the ASTC Charity Care Policy.

7. Quality Standards, Items B.2)a through B.2)h

The responses of 'No' in the original application to each of the questions are noted. Please confirm the 'No' responses reflect the answers for each of the three owners.

Response: Applicant confirms that the "No" responses reflect the answers for each of the three owners.

8. Section B, Orderly Development, Item 3.B. Negative Effects

The response to Question 32 is noted. Earlier in the supplemental (Question 23) the applicant's projections show that Oak Ridge (1,521) and Knoxville (729) EPCs will transfer what appears to be a significant number of procedures to the ASTC in Year 1. Please discuss further the possible negative financial and procedure volume impact this will have on those EPCs.

Response: Since EPC will still bill and receive reimbursement for the professional component of the procedure performed by its pain management specialists in the Facility, it will retain all professional fees for the procedures, albeit at the lower facility rate (approximately 20-30% of the office-based rate). However, the lower reimbursement that EPC will receive for the procedures moved to the ASTC will be offset by the lower overhead expenses savings, as lease costs and utilities for Building 101, as well as a good portion of injection team costs, will be paid by the ASTC. As a result of significant overhead reductions, EPC should experience very little financial impact from the development of the ASTC. Likewise, because the ASTC will be primarily practice-based and provide procedures for EPC Clinic patients who are currently treated on an office-based basis, no other facilities in the Service Area will experience negative financial or procedure volume impact.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is September 18, 2020. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

Patti T. Cotten
July 28, 2020
Page 5

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

David Elenbaas
Health Data and Policy Administrator

Enclosure

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF BRADLEY

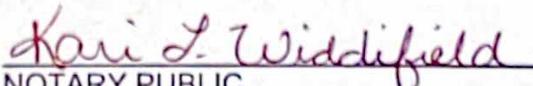
NAME OF FACILITY: OAK RIDGE SURGERY CENTER, LLC

I, RUSSELL SMITH, D.C., 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.



RUSSELL SMITH, D.C., PRESIDENT

Sworn to and subscribed before me, a Notary Public, this the 29th day of July, 2020 witness my hand at office in the County of Bradley, State of Tennessee.



NOTARY PUBLIC

My commission expires August 10, 2021.

HF-0043

Revised 7/02



ATTACHMENTS

Attachment Section B – Economic Feasibility 2 – 6A

Bank Letter



SOUTHERN
HERITAGE
BANK

Member FDIC

P.O. Box 4730
Cleveland, TN 37320-4730
423.473.7980
423.473.7985 Fax

SouthernHeritageBank.com

July 28, 2020

RE: Oak Ridge Surgery Center

We understand that SSRS Management, LLC and their partners have applied for a CON which requires a letter from a qualified financial institution to support various borrowing needs. Oak Ridge Surgery Center, LLC's request, upon approval of CON, is for a 100% loan at 7 years for \$500,000 to finance tenant improvements, equipment and operating capital.

SSRS Management, LLC and their managing partners have a very good relationship with us. They currently have good deposits and have paid off over \$750,000 in loans since opening their business. There is no additional request for debt at this time. Their history with us would indicate a strong ability to approve this loan subject to further due diligence and approval of the CON application.

The interest rate on this loan would most likely fall between 4.75% and 5.25%.

Should you have any further questions, please feel free to contact me directly.

Sincerely,



Tim Poteet

Unbelievably Good

Attachment Section B – Economic Feasibility – 7

ASTC Charity Policy

OAK RIDGE SURGERY CENTER, LLC

Section: Admission Financial Evaluation
Title: Charity/Hardship Policy
Policy #: 1.16

DESCRIPTION

A process in which to insure consistent and equitable review and implementation of charity policy to all participants which meet the criteria.

POLICY

If the procedure is not covered by insurance, application for charity/hardship care will be completed by the patient or responsible party. The surgery center administrator will review and determine if the patient meets the requirements for assistance.

PROCEDURE

BASED ON PATIENT'S INCOME – A facility may consider a patient for charity/hardship care if an individual's income for the preceding 12 months was not greater than twice the applicable poverty income guideline of the Community Services Administration. At this level of poverty, the discount offered by the administrator would be 100%.

BASED ON A PATIENT'S REQUEST FOR FINANCIAL ASSISTANCE – The Administrator may grant a patient's written request for financial assistance based on the individual's current financial need. The request form the patient must complete the financial hardship application and the amount of financial aid granted per center policy and documented by the Administrator. The request can be accepted before or after surgery.

The administrator documents the approval of the charity care discount before it is offered to the patient.

Effective Date: _____

Revised Date: _____

OAK RIDGE Charity-hardship policy

Certificate of Need Application
Replacement Pages

Most importantly, the EPC Pain Management Specialist is required to be onsite in Oak Ridge to comply with the Tennessee pain clinic rules, so he could not travel to Knoxville to perform the procedures and fulfill his on premises obligations at the EPC Oak Ridge office.

5) ASTC Project cost;

Response: The total project cost is approximately \$994,650.00, including the lease/FMV of the building, fixed and movable equipment, the cost of providing tenant improvements in an existing medical office building, professional fees, and operating capital.

6) Funding;

Response: Southern Heritage Bank will provide the financing needed for 100% of the project costs to SSRS Management Company, LLC (which, as 70% owner of the ASTC entity, will spearhead financing). Once a Certificate of Need is obtained, the investors/members will bear the remaining project costs through their capital contributions to Oak Ridge Surgery Center, LLC.

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

Response: The proposed ASTC will realize a profitable operating margin on a nearly immediate basis once operations are commenced. The projected procedural caseload is 2250 in Year One and 2500 in Year Two of operation – which will generate positive cash flow for the Project and net operating margins in excess of 30% in each of the first two years.

8) Staffing.

Response: The medical staff for the single specialty ASTC will initially consist of one board certified interventional pain management specialist, sole member of Elite Pain Consultants, P.C. (EPC), which currently operates an adjacent licensed pain management clinic. EPC employs Dr. Timothy Bunker, as a second pain management physician at its west Knoxville clinic and expects that Dr. Bunker may refer and/or treat EPC patients at the ASTC. Additional physicians may be recruited through EPC as practice and procedural volume growth occurs in the Service Area for patients seen at its Anderson County and Knox County locations.

In Year 1, in addition to the pain management specialists performing the procedures, the ASTC will be staffed with 5 direct patient care positions (1 registered nurse, 1 licensed practical nurse, 1 scrub technician, 1 radiology technician, and 1 patient care/pre-testing medical assistant) and 3 administrative support positions. The ASTC intends to contract with qualified professional staff to provide professional anesthesia care in the facility. With the proximity to University of Tennessee, Knoxville and LMU Medical School, and local hospitals, the staffing for the project will be readily available through these sources. The ASTC intends to contract with other qualified professional staff (i.e., certified registered nurse anesthetists) to provide professional anesthesia care at the Facility.

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Oak Ridge Surgery Center, LLC		3484			3484	0	3484
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF					3484		3484
*Total Cost					\$348,400		\$348,400
**Cost Per Square Foot					\$100		\$100
Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)					<input type="checkbox"/> Below 1 st Quartile <input checked="" type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input checked="" type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile

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

Procedure Rooms	# Cases	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
RProcedure Room #1 (YEAR 1)	2250	10	10	54,000	83.33%
RProcedure Room # 1 (YEAR 2)	2500	10	10	54,000	92.6%

* defined as the summation of the minutes by each room available for scheduled cases
 Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs./ day X 60 min/hr. = 540 minutes/ day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity.

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

Response: Since the sterile environment/general anesthesia available in an operating room is not necessary for the pain management procedures performed by EPC physicians, only ASTC's with a procedure room have been taken into account. In Joint Annual Reports for 2019, the only multi-specialty ASTC in Anderson County, Advanced Family Surgery Center, does not report using its procedure room and did not perform pain management services. There are three (3) surgery centers in Knox County which report having procedure rooms in which pain management cases are performed. The overall utilization percentage of these three (3) ASTCs is 114.1%, but one of those ASTC's (Knoxville Orthopaedic) is at 280.7% of capacity. The remaining two (2) of the three existing ASTC's have excess procedure room capacity: Parkwest Surgery Center and Smoky Mountain Ambulatory Surgery Center. However, as discussed in Item #4 below, especially given their location in Knox County as opposed to Anderson County, they are not viable alternatives to the proposed ASTC.

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

Response: There is only one multi-specialty ASTC in Anderson County with a procedure room, Advanced Family Surgery Center; however, it does not perform pain procedures according to the 2019 JAR Report. Additionally, it is noted that while it does have one procedure room, the JAR reporting

ASTC, the Applicant conservatively estimates that at least 95% of the office-based procedures performed in Oak Ridge will be performed in the ASTC based upon patients' expressed preference in having the procedures performed with conscious sedation. Approximately 50% of the Knoxville patients are projected to come to the Oak Ridge facility for procedures in the ASTC. Further, the Applicant anticipates that EPC patients who have foregone office-based interventional pain management procedures will be far more likely to undergo the procedure in the ASTC, which offers anesthesia for pain-free treatment.

ECONOMIC FEASIBILITY

The responses to this section of the application will help determine whether the project can be economically accomplished and maintained.

1. Project Cost Chart Instructions

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

Response: The anticipated cost of the project is approximately \$994,650.00.

- B. 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.

Response: The cost of the lease, exclusive of the build-out is anticipated to be approximately \$214,315.00. The fair market value of the building is estimated to be \$293,250.00. The cost for the build-out for the ASTC should be approximately \$348,400.

- 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.

Response: The cost for fixed and moveable equipment will be finalized after approval of the project. Equipment over \$72,000 will be on a lease/purchase agreement of 5 years with \$1 buyout. The bulk of equipment cost is for a C-Arm imaging machine, a C-Arm table, and a Radio Frequency Ablation Machine. The best estimates based on pain management and one procedure room are listed in the Construction Cost Chart.

- D. The Total Construction Cost reported on line 5 should equal the Total Cost reported on the Square Footage Chart.

Response: Please see Square Footage Chart, Page 14 herein.

- 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:

W. Dale Amburn
Heidi A. Barcus^{Δ†}
Ida Elizabeth Bond
Meagan Davis Collver
Patti T. Cotten
R. Scott Durham[†]
J. Spencer Fair[†]
Edward F.M. Good, M.D., J.D.[◊]
Diana L. Gustin
Ian P. Hennessey[⊕]
Luke P. Ihnen
Jessica Jernigan-Johnson
Hillary B. Jones
Margaret G. Klein
Jason P. Lambert

LONDON | AMBURN
ATTORNEYS AT LAW

London & Amburn, P.C.
607 Market Street, Suite 900
Knoxville, Tennessee 37902

(865) 637-0203
Fax: (865) 637-4850
www.londonamburn.com

James H. London^{*}
Jason H. Long[†]
Charles S.J. Sharrett
Kelly S. Street^{⊕†}
Daniel T. Swanson[#]
Jennifer Pearson Taylor^{††}
Andrew R. Tillman^{*}
Gary R. Wade
R. Luke Widener^{*}
Erin B. Williams

^Δ Certified as a Specialist in Medical
Professional Liability by the American
Board of Professional Liability Attorneys
^{*} Tennessee Supreme Court Rule 31
Listed General Civil Mediator
[⊕] Also Licensed in Georgia
[†] Also Licensed in Illinois
[†] Also Licensed in Kentucky
[◊] Also Licensed in New Mexico
[#] Also Licensed in North Carolina
^{*} Also Licensed in Virginia
[◊] Of Counsel

July 30, 2020

Mr. David Elenbaas
Health Data and Policy Administrator
State of Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

RE: Certificate of Need Application CN2007-018
Oak Ridge Surgery Center, LLC

Dear David:

I have enclosed the Applicant's Third Supplemental Response to your letter dated July 29, 2020 for your review.

If you have any questions or require additional information, please contact me at 336.391.2892 or patti@londonamburn.com

Very Truly Yours,



Patti T. Cotten

Enclosures

OAK RIDGE SURGERY CENTER, LLC

Third Supplemental
Response



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

July 29, 2020

Patti T. Cotten
London & Amburn, P.C.
607 Market Street, Suite 900
Knoxville, TN 37902

RE: Certificate of Need Application CN2007-018
Oak Ridge Surgery Center, LLC

Dear Ms. Cotton:

This will acknowledge our July 29, 2020 receipt of your response to Supplemental #2 for a Certificate of Need for the establishment of a single-specialty ambulatory surgical treatment center providing interventional pain management and injections at 101 Donner Drive, Oak Ridge (Anderson County), Tennessee 37830.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 pm, July 31, 2020. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section B, Economic Feasibility, Item 2. Funding

The revised funding letter from Southern Heritage Bank is noted. However, the proposed financing amount of \$500,000 is not sufficient enough to cover the initial project costs and working capital, which may amount to around \$700,000. Please provide a source for the additional finance needs.

Response: Please see the updated Bank letter as **Attachment Section B-Economic Feasibility – 6A**

Patti T. Cotten
July 29, 2020
Page 2

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is September 18, 2020. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
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Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

David Elenbaas
Health Data and Policy Administrator

Enclosure

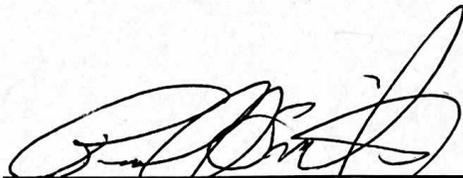
AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF BRADLEY

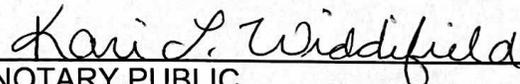
NAME OF FACILITY: OAK RIDGE SURGERY CENTER, LLC

I, RUSSELL SMITH, D.C., 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.



RUSSELL SMITH, D.C., PRESIDENT

Sworn to and subscribed before me, a Notary Public, this the 30th day of JULY, 2020 witness my hand at office in the County of Bradley, State of Tennessee.



NOTARY PUBLIC

My commission expires August 10, 2021.

HF-0043

Revised 7/02



Attachment Section B – Economic Feasibility 2 – 6A

Bank Letter



SOUTHERN
HERITAGE
BANK

Member FDIC

P.O. Box 4730
Cleveland, TN 37320-4730
423.473.7980
423.473.7985 Fax

SouthernHeritageBank.com

July 30, 2020

To Whom it May Concern:

RE: Oak Ridge Surgery Center

We understand that SSRS Management, LLC and their partners has applied for a CON which requires a letter from a qualified financial institution to support various borrowing needs. Oak Ridge Surgery Center, LLC's request, upon approval of CON, is for a 100% loan at 7 years for \$750,000 to finance tenant improvements, equipment and operating capital.

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Should you have any further questions, please feel free to contact me directly.

Sincerely,



Tim Poteet
Community Bank President
Southern Heritage Bank
a division of First Citizens National Bank
tpoteet@southernheritagebank.com
(423)303-1723

Unbelievably Good