

BAKER DONELSON

100 LIGHT STREET • BALTIMORE, MARYLAND 21202 • 410.685.1120 • bakerdonelson.com

JOHN J. ELLER, SENIOR COUNSEL
Direct Dial: 410.862.1162
Direct Fax: 443.263.7562
E-Mail Address: jeller@bakerdonelson.com

July 7, 2017

VIA EMAIL & OVERNIGHT DELIVERY

Kevin McDonald, Chief
Certificate of Need Division
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Bethesda Chevy Chase Surgery Center, LLC
Certificate of Need Application


Dear Mr. McDonald:

Enclosed please find six copies of a Certificate of Need Application being filed on behalf of Bethesda Chevy Chase Surgery Center, LLC ("BCCSC") regarding a capital renovation project at BCCSC to acquire additional adjacent space, convert the existing procedure room to a second operating room ("OR"), and create a new replacement procedure room, resulting in total capacity of two ORs and one procedure room. A full copy of the application will also be emailed to you in searchable PDF and Word forms. Also enclosed is one set of full size project drawings and a thumb drive which includes the Charge Master.

I hereby certify that a copy of the CON application has been provided to the affected local health department.

If any further information is needed, please let us know.

Sincerely,
BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ, PC



John J. Eller, Senior Counsel

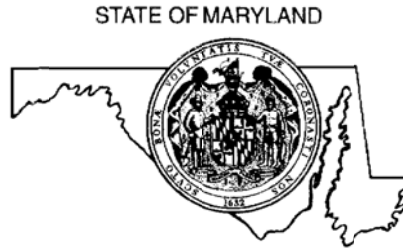
JJE/tjr

Enclosures

cc: Uma S. Ahluwalia, Acting Health Officer
Montgomery County

Kevin McDonald, Chief
Certificate of Need Division
July 7, 2017
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cc: Ms. Ruby Potter
Health Facilities Coordination Office
Stephanie Leventis, VP of Development
SurgCenter Development
Ian I. Friedman, General Counsel
SurgCenter Development
Andrew Solberg, CON Consultant
A.L.S. Healthcare Consultant Services



For internal staff use:

MARYLAND HEALTH CARE COMMISSION

MATTER/DOCKET NO.

DATE DOCKETED

INSTRUCTIONS: GENERIC APPLICATION FOR CERTIFICATE OF NEED (CON)

Note: Specific CON application forms exist for hospital, comprehensive care facility, home health, and hospice projects. This form is to be used for any other services requiring a CON.

ALL APPLICATIONS MUST FOLLOW THE FORMATTING REQUIREMENTS DESCRIBED IMMEDIATELY BELOW. NOT FOLLOWING THESE FORMATTING INSTRUCTIONS WILL RESULT IN THE APPLICATION BEING RETURNED.

Required Format:

Table of Contents. The application must include a Table of Contents referencing the location of application materials. Each section in the hard copy submission should be separated with tabbed dividers. Any exhibits, attachments, etc. should be similarly tabbed, and pages within each should be numbered independently and consecutively. **The Table of Contents must include:**

- Responses to PARTS I, II, III, and IV of the this application form
- Responses to PART IV must include responses to the standards in the State Health Plan chapter that apply to the project being proposed.
 - All Applicants must respond to the Review Criteria listed at 10.24.01.08G(3)(b) through 10.24.01.08G(3)(f) as detailed in the application form.
- Identification of each Attachment, Exhibit, or Supplement

Application pages must be consecutively numbered at the bottom of each page. Exhibits attached to subsequent correspondence during the completeness review process shall use a consecutive numbering scheme, continuing the sequencing from the original application. (For example, if the last exhibit in the application is Exhibit 5, any exhibits used in subsequent responses should begin with Exhibit 6. However, a replacement exhibit that merely replaces an

exhibit to the application should have the same number as the exhibit it is replacing, noted as a replacement.

SUBMISSION FORMATS:

We require submission of application materials and the applicant's responses to completeness questions in three forms: hard copy; searchable PDF; and in Microsoft Word.

- **Hard copy:** Applicants must submit six (6) hard copies of the application to:
Ruby Potter
Health Facilities Coordinator
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215
- **PDF:** Applicants must also submit *searchable* PDF files of the application, supplements, attachments, and exhibits.¹ All subsequent correspondence should also be submitted both by paper copy and as *searchable PDFs*.
- **Microsoft Word:** Responses to the questions in the application and the applicant's responses to completeness questions should also be electronically submitted in Word. Applicants are strongly encouraged to submit any spreadsheets or other files used to create the original tables (the native format). This will expedite the review process.

Applicants are strongly encouraged to submit any spreadsheets or other files used to create the original tables (the native format). This will expedite the review process.

PDFs and spreadsheets should be submitted to ruby.potter@maryland.gov and kevin.mcdonald@maryland.gov.

Note that there are certain actions that may be taken regarding either a health care facility or an entity that does not meet the definition of a health care facility where CON review and approval are not required. Most such instances are found in the Commission's procedural regulations at COMAR 10.24.01.03, .04, and .05. Instances listed in those regulations require the submission of specified information to the Commission and may require approval by the full Commission. Contact CON staff at (410) 764-3276 for more information.

A pre-application conference will be scheduled by Commission Staff to cover this and other topics. Applicants are encouraged to contact Staff with any questions regarding an application.

¹ PDFs may be created by saving the original document directly to PDF on a computer or by using advanced scanning technology

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PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. FACILITY

Name of Facility: Bethesda Chevy Chase Surgical Center

Address:

6931 Arlington Road, Suite E	Bethesda	20814	Montgomery
Street	City	Zip	County

2. Name of Owner Bethesda Chevy Chase Surgery Center, LLC

If Owner is a Corporation, Partnership, or Limited Liability Company, attach a description of the ownership structure identifying all individuals that have or will have at least a 5% ownership share in the applicant and any related parent entities. Attach a chart that completely delineates this ownership structure.

Please see Exhibit 4.

3. APPLICANT. *If the application has a co-applicant, provide the following information in an attachment.*

Legal Name of Project Applicant (Licensee or Proposed Licensee): _____

Address:

Street				
	City	Zip	State	County
Telephone:				

4. NAME OF LICENSEE OR PROPOSED LICENSEE, if different from the applicant:

5. LEGAL STRUCTURE OF APPLICANT (and LICENSEE, if different from applicant).

Check ☒ or fill in applicable information below and attach an organizational chart showing the owners of applicant (and licensee, if different).

- A. Governmental ☐
- B. Corporation ☐
- (1) Non-profit ☐
- (2) For-profit ☒
- (3) Close ☐ State & Date of Incorporation
- C. Partnership ☐
- General ☐
- Limited ☐
- Limited Liability Partnership ☐
- Limited Liability Limited Partnership ☐
- Other (Specify): _____
- D. Limited Liability Company ☒
- E. Other (Specify): _____
- To be formed: ☐
- Existing: ☐

6. PERSON(S) TO WHOM QUESTIONS REGARDING THIS APPLICATION SHOULD BE DIRECTED

A. Lead or primary contact:

Name and Title: Stephanie Leventis, RN, BSN, CNOR, Vice President, Development

Company Name SurgCenter Development

Mailing Address:

722 Dulaney Valley Road, #221 Towson 21204 MD
Street City Zip State

Telephone: 443-458-5571

E-mail Address (required): sleventis@surgcenter.com

Fax:

If company name

is different than
applicant briefly
describe the
relationship

B. Additional or alternate contact:

Name and Title: Ian I. Friedman, General Counsel

Company Name: SurgCenter Development

Mailing Address:

722 Dulaney Valley Road, #221

Street

Towson

City

21204

Zip

MD

State

Telephone: 443-415-5601

E-mail Address (required): ifriedman@surgcenter.com

Fax:

If company name
is different than
applicant briefly
describe the
relationship

B. Additional or alternate contact:

Name and Title: John J. Eller, Atty

Company Name Baker, Donelson, Bearman, Caldwell & Berkowitz, PC

Mailing Address:

100 Light Street

Street

Baltimore

City

21202

Zip

MD

State

Telephone: 410-862-1162

E-mail Address (required): jeller@bakerdonelson.com

Fax: 443-263-7562

If company name is
different than applicant
briefly describe the
relationship

Legal Counsel

C. Additional or alternate contact:

Name and Title: Andrew Solberg - Consultant

Company Name: A.L.S. Healthcare Consultant Services

Mailing Address:

5612 Thicket Lane

Street

Columbia

City

21044

Zip

MD

State

Telephone: 410-730-2664

E-mail Address (required): asolberg@earthlink.net

Fax: 410-730-6775

If company name is different than applicant briefly describe the relationship Consultant

7. TYPE OF PROJECT

The following list includes all project categories that require a CON pursuant to COMAR 10.24.01.02(A). Please mark all that apply in the list below.

If approved, this CON would result in (check as many as apply):

- (1) A new health care facility built, developed, or established ☐
- (2) An existing health care facility moved to another site ☐
- (3) A change in the ~~bed~~ OR capacity of a health care facility ☒
- (4) A change in the type or scope of any health care service offered by a health care facility ☐
- (5) A health care facility making a capital expenditure that exceeds the current threshold for capital expenditures found at: ☐
http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_capital_threshold_20140301.pdf

8. PROJECT DESCRIPTION

A. Executive Summary of the Project: The purpose of this BRIEF executive summary is to convey to the reader a holistic understanding of the proposed project: what it is, why you need to do it, and what it will cost. A one-page response will suffice. Please include:

- (1) Brief Description of the project – what the applicant proposes to do
- (2) Rationale for the project – the need and/or business case for the proposed project
- (3) Cost – the total cost of implementing the proposed project

Bethesda Chevy Chase Surgical Center, an existing one OR facility, proposes to convert its procedure room to a second OR, lease additional space and replace its procedure room.

B. Comprehensive Project Description: The description should include details regarding:

- (1) Construction, renovation, and demolition plans

- (2) Changes in square footage of departments and units
- (3) Physical plant or location changes
- (4) Changes to affected services following completion of the project
- (5) Outline the project schedule.

Project Description

Bethesda Chevy Chase Surgery Center, LLC (“BCCSC”) is a physician owned, free-standing ambulatory surgical center located in Bethesda, Maryland. It currently has one Operating Room (“OR”) and one Procedure Room. BCCSC was incorporated in 2010 and performed its first case on April 25, 2011. BCCSC has 17 owners who are operating physicians and serves patients primarily in Montgomery County and surrounding counties.

Procedures performed at BCCSC include Orthopedic, Spine, and Pain management. BCCSC is governed by its appointed board of managers, consisting of 5 current members and all operational decisions are recommended and approved by the board.

BCCSC maintains accreditation status with Accreditation Association for Ambulatory Health Care, Inc. (AAAHC) since May 2011, and employs 32 people in the community. Network contracts currently include CMS, W/C, CareFirst, UnitedHealthcare, Cigna, Medicaid DC, Medicaid VA and Medicaid MD. BCCSC expects to be in-network with Aetna in the near future.

Since its inception in 2010, BCCSC has maintained a culture of outstanding patient care, patient satisfaction, employee retention, and owner satisfaction. Patient satisfaction surveys continue to rank in the 98-99 percentiles. Statistically, local, regional and national benchmark studies show extremely low incidence of post-operative complications compared to like-facilities.

BCCSC’s growth has been steady over the past six years, and our annual volume of patients has more than doubled, completing 1,335 OR cases in 2016. In addition, the complexity of surgical cases performed has progressed with the industry.

BCCSC has made many adjustments to accommodate the patients in the community. The efforts include:

- Moving appropriate/eligible cases to the procedure room to open time in the Operating Room;
- Expanding hours of operation into the later evening hours (past 7pm); Performing cases on weekends;

When BCCSC opened in 2011, the center was only contracted with Medicare. Since that time, the center has successfully negotiated contracts with CareFirst BlueCross. Earlier this year, BCCSC contracted with United HealthCare, and, just

recently, with Cigna. BCCSC is very close to completing negotiations with AETNA. These contracts continue to increase BCCSC volume year after year, and BCCSC anticipates continued growth for years to come.

BCCSC is a licensed and Medicare certified ASC, which presently contains one OR and one procedure room. BCCSC proposes to convert its procedure room to an OR and renovate adjacent space to build a replacement procedure room. At the conclusion of the project, the facility will include two ORs and one procedure room.

9. Current Capacity and Proposed Changes:

Service	Unit Description	Currently Licensed/ Certified	Units to be Added or Reduced	Total Units if Project is Approved
ICF-MR	Beds	___/___		
ICF-C/D	Beds	___/___		
Residential Treatment	Beds	___/___		
Ambulatory Surgery	Operating Rooms	1	1	2
	Procedure Rooms	1		1
Home Health Agency	Counties	___/___		
Hospice Program	Counties	___/___		
Other (Specify)				
TOTAL		2	1	3

10. Identify any community based services that are or will be offered at the facility and explain how each one will be affected by the project.

Not applicable.

11. REQUIRED APPROVALS AND SITE CONTROL

- A. Site size: 6,090 Sq. Ft. acres
- B. Have all necessary State and local land use and environmental approvals, including zoning and site plan, for the project as proposed been obtained?
YES _____ NO √ (If NO, describe below the current status and timetable for receiving each of the necessary approvals.)

The architects are going to start working on the full construction documents (CD's) after the CON application is submitted. They plan on starting this in early July, and BCCSC estimates it will take approximately 6 weeks to complete. Once the CD's are completed, they will be submitted to Montgomery County for the permitting process. BCCSC anticipates permitting to take 10 weeks in Montgomery Co. At the same time, CD's will be submitted to CMSI (General Contractor) so they can bid out the designated work to local subcontractors. Once they have finalized all pricing, a final construction contract will be sent for review and agreement. BCCSC expects this process to take 3-4 weeks.

C. Form of Site Control (Respond to the one that applies. If more than one, explain.):

- (1) Owned by: Bradley Arlington, LLC
- (2) Options to purchase held by: _____
Please provide a copy of the purchase option as an attachment.
- (3) Land Lease held by: Bethesda Chevy Chase Surgery Center, LLC
Please provide a copy of the land lease as an attachment.
Please see Exhibit 5.
- (4) Option to lease held by: _____
Please provide a copy of the option to lease as an attachment.
- (5) Other: _____
Explain and provide legal documents as an attachment.

12. PROJECT SCHEDULE

(INSTRUCTION: IN COMPLETING THE APPLICABLE OF ITEMS 10, 11 or 12, PLEASE CONSULT THE PERFORMANCE REQUIREMENT TARGET DATES SET FORTH IN COMMISSION REGULATIONS, COMAR 10.24.01.12)

For new construction or renovation projects.

Project Implementation Target Dates

- A. Obligation of Capital Expenditure 1 months from approval date.
- B. Beginning Construction 1 months from capital obligation.
- C. Pre-Licensure/First Use 5 months from capital obligation.
- D. Full Utilization _____ months from first use.

For projects not involving construction or renovations.

Project Implementation Target Dates

- A. Obligation or expenditure of 51% of Capital Expenditure _____ months from CON approval date.
- B. Pre-Licensure/First Use _____ months from capital obligation.
- C. Full Utilization _____ months from first use.

For projects not involving capital expenditures.

Project Implementation Target Dates

- A. Obligation or expenditure of 51% Project Budget _____ months from CON approval date.
- B. Pre-Licensure/First Use _____ months from CON approval.
- C. Full Utilization _____ months from first use.

13. PROJECT DRAWINGS

Projects involving new construction and/or renovations should include scalable schematic drawings of the facility at least a 1/16" scale. Drawings should be completely legible and include dates.

These drawings should include the following before (existing) and after (proposed), as applicable:

- A. Floor plans for each floor affected with all rooms labeled by purpose or function, number of beds, location of bath rooms, nursing stations, and any proposed space for future expansion to be constructed, but not finished at the completion of the project, labeled as "shell space".
- B. For projects involving new construction and/or site work a Plot Plan, showing the "footprint" and location of the facility before and after the project.
- C. Specify dimensions and square footage of patient rooms.

Please see Exhibit 3.

14. FEATURES OF PROJECT CONSTRUCTION

- A. If the project involves new construction or renovation, complete **Tables C and D of the Hospital CON Application Package**

Please see Exhibit 1.

- B. Discuss the availability and adequacy of utilities (water, electricity, sewage, natural gas, etc.) for the proposed project and identify the provider of each utility. Specify the steps that will be necessary to obtain utilities.

All utilities exist on site.

PART II - PROJECT BUDGET

Complete Table E of the Hospital CON Application Package

Note: Applicant should include a list of all assumptions and specify what is included in each budget line, as well as the source of cost estimates and the manner in which all cost estimates are derived. Explain how the budgeted amount for contingencies was determined and why the amount budgeted is adequate for the project given the nature of the project and the current stage of design (i.e., schematic, working drawings, etc.).

Please See Exhibit 2.

PART III - APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY, AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE

1. List names and addresses of all owners and individuals responsible for the proposed project and its implementation.

Stephanie Leventis, RN, BSN, CNOR, 722 Dulaney Valley Road, #221, Towson, Maryland 21204.

2. Are the applicant, owners, or the responsible persons listed in response to Part 1, questions 2, 3, 4, 7, and 9 above now involved, or have they ever been involved, in the ownership, development, or management of another health care facility? If yes, provide a listing of these facilities, including facility name, address, and dates of involvement.

Nurse Administrator (Jan 1, 2007 to October 1, 2010)
Riva Road Surgical Center
2635 Riva Road, Annapolis, MD 21401

3. Has the Maryland license or certification of the applicant facility, or any of the facilities listed in response to Question 2, above, been suspended or revoked, or been subject to any disciplinary action (such as a ban on admissions) in the last 5 years? If yes, provide a written explanation of the circumstances, including the date(s) of the actions and the disposition. If the applicant, owners or individuals responsible for implementation of the Project were not involved with the facility at the time a suspension, revocation, or disciplinary action took place, indicate in the explanation.

No

4. Other than the licensure or certification actions described in the response to Question 3, above, has any facility with which any applicant is involved, or has any facility with which any applicant has in the past been involved (listed in response to Question 2, above) received inquiries in last from 10 years from any federal or state authority, the Joint Commission, or other regulatory body regarding possible non-compliance with any state, federal, or Joint Commission requirements for the provision of, the quality of, or the payment for health care services that have resulted in actions leading to the possibility of penalties, admission bans, probationary status, or other sanctions at the applicant facility or at any facility listed in response to Question 2? If yes, provide for each such instance, copies of any settlement reached, proposed findings or final findings of non-compliance and related documentation including reports of non-compliance, responses of the facility, and any final disposition or conclusions reached by the applicable authority.

No

5. Have the applicant, owners or responsible individuals listed in response to Part 1, questions 2, 3, 4, 7, and 9, above, ever pled guilty to or been convicted of a criminal offense in any way connected with the ownership, development or management of the applicant facility or any of the health care facilities listed in response to Question 2, above? If yes, provide a written explanation of the circumstances, including as applicable the court, the date(s) of conviction(s), diversionary disposition(s) of any type, or guilty plea(s).

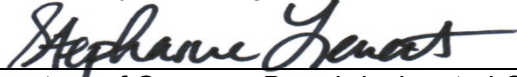
No

One or more persons shall be officially authorized in writing by the applicant to sign for and act for the applicant for the project which is the subject of this application. Copies of this authorization shall be attached to the application. The undersigned is the owner(s), or Board-designated official of the proposed or existing facility.

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

7/6/17

Date



Signature of Owner or Board-designated Official

VP of Development, SurgCenter Development

Position/Title

Stephanie Leventis

Printed Name

**PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR
10.24.01.08G(3):**

INSTRUCTION: Each applicant must respond to all criteria included in COMAR 0.24.01.08G(3), listed below.

An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards and other review criteria.

If a particular standard or criteria is covered in the response to a previous standard or criteria, the applicant may cite the specific location of those discussions in order to avoid duplication. When doing so, the applicant should ensure that the previous material directly pertains to the requirement and to the directions included in this application form. Incomplete responses to any requirement will result in an information request from Commission Staff to ensure adequacy of the response, which will prolong the application's review period.

10.24.01.08G(3)(a). The State Health Plan.

Every applicant must address each applicable standard in the chapter of the State Health Plan for Facilities and Services². Commission staff can help guide applicants to the chapter(s) that applies to a particular proposal.

Please provide a direct, concise response explaining the project's consistency with each standard. Some standards require specific documentation (e.g., policies, certifications) which should be included within the application as an exhibit.

.05A. GENERAL STANDARDS.

Standard .05(A)(1) – Information Regarding Charges.

Information regarding charges for surgical services shall be available to the public. A hospital or an ambulatory surgical facility shall provide to the public, upon inquiry or as required by applicable regulations or law, information concerning charges for the full range of surgical services provided.

Applicant Response:

BCCSC provides to the public, upon inquiry, information concerning charges for and the range and types of services provided. Exhibit 6 includes BCCSC's Facility Fee Schedule. Patients are provided with estimates of the actual charges, depending on the procedures they require. Please note that ASC reimbursement is set by payors, and that patients do not pay the fees that are listed on the Fee Schedule.

² [1] Copies of all applicable State Health Plan chapters are available from the Commission and are available on the Commission's web site here: http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_shp/hcfs_shp

Standard .05(A)(2) – Charity Care Policy.

(a) Each hospital and ambulatory surgical facility shall have a written policy for the provision of charity care that ensures access to services regardless of an individual's ability to pay and shall provide ambulatory surgical services on a charitable basis to qualified indigent persons consistent with this policy. The policy shall have the following provisions:

(i) **Determination of Eligibility for Charity Care.** Within two business days following a patient's request for charity care services, application for medical assistance, or both, the facility shall make a determination of probable eligibility.

(ii) **Notice of Charity Care Policy.** Public notice and information regarding the facility's charity care policy shall be disseminated, on an annual basis, through methods designed to best reach the facility's service area population and in a format understandable by the service area population. Notices regarding the surgical facility's charity care policy shall be posted in the registration area and business office of the facility. Prior to a patient's arrival for surgery, facilities should address any financial concerns of patients, and individual notice regarding the facility's charity care policy shall be provided.

(iii) **Criteria for Eligibility.** Hospitals shall comply with applicable State statutes and HSCRC regulations regarding financial assistance policies and charity care eligibility. ASFs, at a minimum, must include the following eligibility criteria in charity care policies. Persons with family income below 100 percent of the current federal poverty guideline who have no health insurance coverage and are not eligible for any public program providing coverage for medical expenses shall be eligible for services free of charge. At a minimum, persons with family income above 100 percent of the federal poverty guideline but below 200 percent of the federal poverty guideline shall be eligible for services at a discounted charge, based on a sliding scale of discounts for family income bands. A health maintenance organization, acting as both the insurer and provider of health care services for members, shall have a financial assistance policy for its members that is consistent with the minimum eligibility criteria for charity care required of ASFs described in these regulations.

Applicant Response:

BCCSC has a written Policy for the provision of complete and partial charity care for indigent patients to promote access to all services regardless of an individual's ability to pay. The Policy on the provision of uncompensated care is included as Exhibit 7. As BCCSC has never had a CON, BCCSC has not been subject to the requirement that it must publish annual public notice and provide individual notice to patients regarding its charity care policy. If this CON application is approved, BCCSC will:

- Publish notice of the availability of charity care in local news media on an annual basis,
- Post notice of the availability of charity care in the Admissions Office and Business Office, and
- Provide to each person who seeks services in BCCSC at the time of admission individual notice of the availability of charity care, the potential for Medicaid eligibility and the availability of assistance from other government funded programs.

(b) A hospital with a level of charity care, defined as the percentage of total operating expenses that falls within the bottom quartile of all hospitals, as reported in the most recent Health Service Cost Review Commission Community Benefit Report, shall demonstrate that its level of charity care is appropriate to the needs of its service area population.

Applicant Response:

Not applicable.

(c) A proposal to establish or expand an ASF for which third party reimbursement is available, shall commit to provide charitable surgical services to indigent patients that are equivalent to at least the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of total operating expenses. The applicant shall demonstrate that:

(i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and

(ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.

(iii) If an existing ASF has not met the expected level of charity care for the two most recent years reported to MHCC, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the service area population.

Applicant Response:

In a recent CON decision (Green Spring Surgery Center, Docket No. 15-03-2369, approved on September 20, 2016), the MHCC stated that the statewide average percent that charity care comprised of Total Operating Expenses was 0.46%.

BCCSC commits to meeting or exceeding this percentage. In Table G in the CON Table Packet (Revenues and Expenses), BCCSC has projected Charity Care at 0.5% of Total Operating Expenses in future years, though if it turns out to be higher (as it has been), BCCSC will provide what is needed.

BCCSC's internal financial records show that, in CY 2015, it provided \$8,239 in charity care. BCCSC's 2015 Total Operating Expenses were \$5,580,452. This calculates to 0.15%. In CY 2016, it provided \$24,751 in charity care. BCCSC's 2016 Total Operating Expenses were \$5,345,174. This calculates to 0.46%.

	2015	2016
Charity Care	\$8,239	\$24,751
÷ Total Operating Expenses	\$5,580,452	\$5,345,174
= Percent	0.15%	0.46%

(d) A health maintenance organization, acting as both the insurer and provider of health care services for members, if applying for a Certificate of Need for a surgical facility project, shall commit to provide charitable services to indigent patients. Charitable services may be surgical or nonsurgical and may include charitable programs that subsidize health plan coverage. At a minimum, the amount of charitable services provided as a percentage of total operating expenses for the health maintenance organization will be equivalent to the average amount of charity care provided statewide by ASFs, measured as a percentage of total ASF expenses, in the most recent year reported. The applicant shall demonstrate that:

(i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and

(ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.

(iii) If the health maintenance organization's track record is not consistent with the expected level for the population in the proposed service area, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the population in the proposed service area.

Applicant Response:

Not applicable.

Standard .05(A)(3) – Quality of Care.

A facility providing surgical services shall provide high quality care.

(a) An existing hospital or ambulatory surgical facility shall document that it is licensed, in good standing, by the Maryland Department of Health and Mental Hygiene.

(b) A hospital shall document that it is accredited by the Joint Commission.

(c) An existing ambulatory surgical facility shall document that it is:

(i) In compliance with the conditions of participation of the Medicare and Medicaid programs; and

(ii) Accredited by the Joint Commission, the Accreditation Association for Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgery Facilities, or another accreditation agency recognized by the Centers for Medicare and Medicaid as acceptable for obtaining Medicare certification.

(d) A person proposing the development of an ambulatory surgical facility shall demonstrate that the proposed facility will:

(i) Meet or exceed the minimum requirements for licensure in Maryland in the areas of administration, personnel, surgical services provision, anesthesia services provision, emergency services, hospitalization, pharmaceutical services, laboratory and radiologic services, medical records, and physical environment.

(ii) Obtain accreditation by the Joint Commission, the Accreditation Association for Ambulatory Health Care, or the American Association for Accreditation of Ambulatory Surgery Facilities within two years of initiating service at the facility or voluntarily suspend operation of the facility.

Applicant Response:

BCCSC is fully licensed by the state of Maryland. A copy of BCCSC's license letter is attached as Exhibit 8. BCCSC is in compliance with all mandated federal, State, and local health and safety regulations. It is certified by the Health Care Financing Administration as a provider in the Medicare program. BCCSC has also received certification by the Maryland Department of Health and Mental Hygiene to be a provider in the Medicaid program.

Similarly, BCCSC received certification by the Maryland Accreditation Association for Ambulatory Health Care (AAAHC). A copy of the certification is included in Exhibit 8.

Standard .05A(4) – Transfer Agreements.

(a) Each ASF and hospital shall have written transfer and referral agreements with hospitals capable of managing cases that exceed the capabilities of the ASF or hospital.

(b) Written transfer agreements between hospitals shall comply with the Department of Health and Mental Hygiene regulations implementing the requirements of Health-General Article §19-308.2.

(c) Each ASF shall have procedures for emergency transfer to a hospital that meet or exceed the minimum requirements in COMAR 10.05.05.09.

Applicant Response:

BCCSC has a transfer agreement with Suburban Hospital. A copy is attached as Exhibit 9. Ambulance service is provided by the Emergency Medical System by calling 911.

.05B. Project Review Standards.

Standard .05B(1) – Service Area.

An applicant proposing to establish a new hospital providing surgical services or a new ambulatory surgical facility shall identify its projected service area. An applicant proposing to expand the number of operating rooms at an existing hospital or ambulatory surgical facility shall document its existing service area, based on the origin of patients served.

Applicant Response:

BCCSC's service area (Zip Codes that provide 75% of its cases in CY 2016) includes the following Zip Codes:

Zip Code of Patient	Case Count	%	Cum %
Primary Service Area			
20854	85	6.4%	6.4%
20016	75	5.6%	12.0%
20815	68	5.1%	17.1%
20817	67	5.0%	22.1%
20008	46	3.4%	25.5%
20007	45	3.4%	28.9%
20816	44	3.3%	32.2%
20015	41	3.1%	35.3%
20814	37	2.8%	38.1%
20852	33	2.5%	40.5%
20009	30	2.2%	42.8%
20878	24	1.8%	44.6%
20910	23	1.7%	46.3%
20003	19	1.4%	47.7%
20002	18	1.3%	49.1%
20011	18	1.3%	50.4%
20850	17	1.3%	51.7%
22207	16	1.2%	52.9%
22101	16	1.2%	54.1%

22201	15	1.1%	55.2%
20010	14	1.0%	56.3%
20895	14	1.0%	57.3%
20906	14	1.0%	58.4%
20001	13	1.0%	59.3%
20901	13	1.0%	60.3%
Secondary Service Area			
20912	12	0.9%	61.2%
22314	12	0.9%	62.1%
20853	11	0.8%	62.9%
20904	11	0.8%	63.7%
20902	10	0.7%	64.5%
22301	10	0.7%	65.2%
22302	10	0.7%	66.0%
22102	10	0.7%	66.7%
20037	8	0.6%	67.3%
20877	8	0.6%	67.9%
22066	8	0.6%	68.5%
20905	7	0.5%	69.1%
22209	7	0.5%	69.6%
20017	6	0.4%	70.0%
20879	6	0.4%	70.5%
20772	6	0.4%	70.9%
22202	6	0.4%	71.4%
22204	6	0.4%	71.8%
22182	6	0.4%	72.3%
22307	6	0.4%	72.7%
20024	5	0.4%	73.1%
21702	5	0.4%	73.5%
20832	5	0.4%	73.9%
20874	5	0.4%	74.2%
20783	5	0.4%	74.6%
203 Additional Zip Codes	339	25.4%	
Total	1,335	100.0%	

This area includes most of Montgomery County and the District of Columbia and portions of Prince George's, Frederick, Fairfax, and Arlington Counties. The Primary Service Area (top 60% of cases) and Secondary Service Area (next 15%) are shown in Figure 1. Figure 1 does not include Frederick. (See Figure 2.)

Figure 1

BCCSC Service Areas

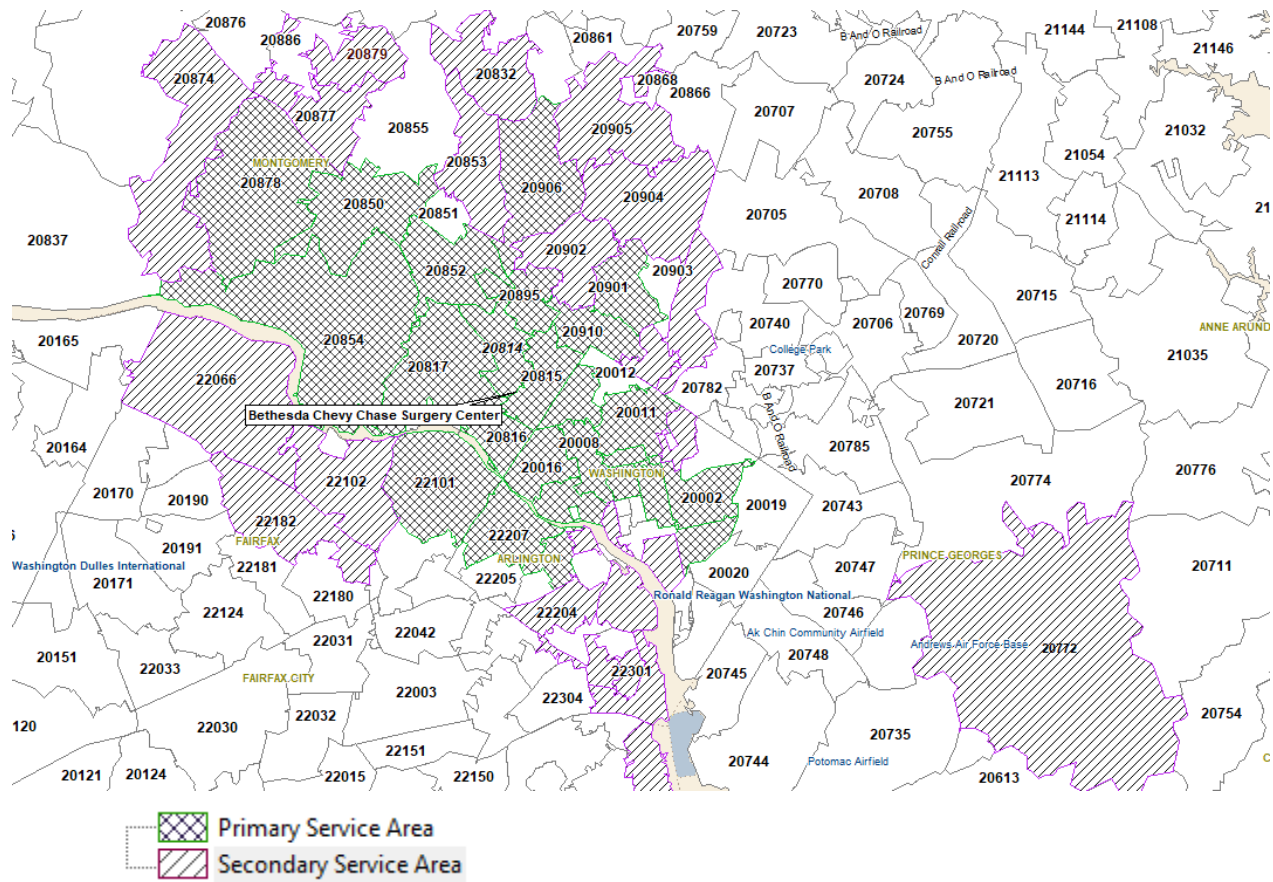
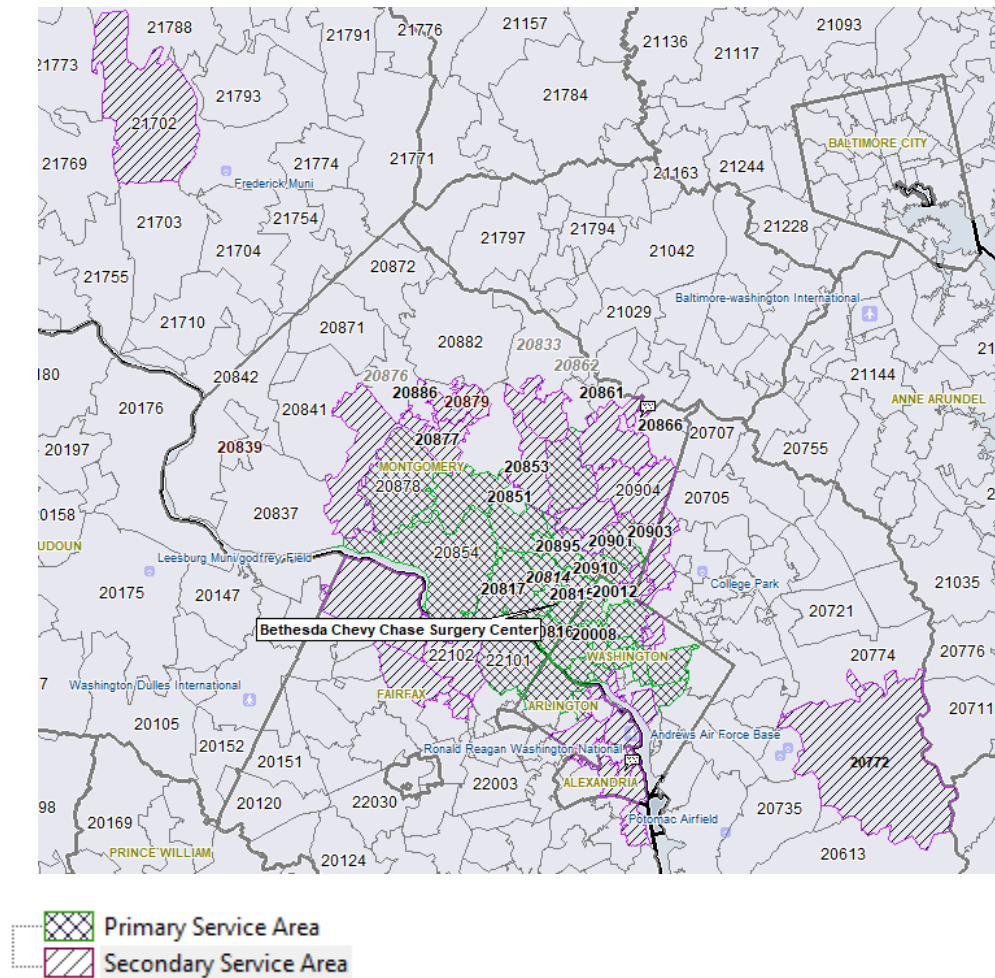


Figure 2 shows the entire service area (zoomed out to include Frederick).

Figure 2
BCCSC Service Areas



BCCSC does not anticipate that its service area will change as a result of this project.

Standard .05B(2) – Need- Minimum Utilization for Establishment of a New or Replacement Facility.

An applicant proposing to establish or replace a hospital or ambulatory surgical facility shall demonstrate the need for the number of operating rooms proposed for the facility. This need demonstration shall utilize the operating room capacity assumptions and other guidance included in Regulation .06 of this Chapter. This needs assessment shall demonstrate that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the initiation of surgical services at the proposed facility.

(a) An applicant proposing the establishment or replacement of a hospital shall submit a needs assessment that includes the following:

(i) Historic trends in the use of surgical facilities for inpatient and outpatient surgical procedures by the new or replacement hospital's likely service area population;

(ii) The operating room time required for surgical cases projected at the proposed new or replacement hospital by surgical specialty or operating room category; and

(iii) In the case of a replacement hospital project involving relocation to a new site, an analysis of how surgical case volume is likely to change as a result of changes in the surgical practitioners using the hospital.

(b) An applicant proposing the establishment of a new ambulatory surgical facility shall submit a needs assessment that includes the following:

(i) Historic trends in the use of surgical facilities for outpatient surgical procedures by the proposed facility's likely service area population;

(ii) The operating room time required for surgical cases projected at the proposed facility by surgical specialty or, if approved by Commission staff, another set of categories; and

(iii) Documentation of the current surgical caseload of each physician likely to perform surgery at the proposed facility.

Applicant Response:

Not applicable.

Standard .05B(3) – Need - Minimum Utilization for Expansion of An Existing Facility.

An applicant proposing to expand the number of operating rooms at an existing hospital or ambulatory surgical facility shall:

(a) Demonstrate the need for each proposed additional operating room, utilizing the operating room capacity assumptions and other guidance included at Regulation .06 of this Chapter;

(b) Demonstrate that its existing operating rooms were utilized at optimal capacity in the most recent 12-month period for which data has been reported to the Health Services Cost Review Commission or to the Maryland Health Care Commission; and

(c) Provide a needs assessment demonstrating that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the completion of the additional operating room capacity. The needs assessment shall include the following:

(i) Historic trends in the use of surgical facilities at the existing facility;

(ii) Operating room time required for surgical cases historically provided at the facility by surgical specialty or operating room category; and

(iii) Projected cases to be performed in each proposed additional operating room.

Applicant Response:

BCCSC needs the additional OR now. It has been operating at above the MHCC's definition of "optimal utilization" for one OR since, at least, 2012. This is shown in Table 1. BCCSC expects this to continue.

Table 1
OR Cases, OR Minutes, and Needed ORs
BCCSC
2012-2016

Year	OR Cases	OR Hours	OR Minutes	TAT @ 25/Case	Total Minutes	ORs @ 97,920
2012	1,199	1,666	99,960	29,975	129,935	1.33
2013	1,249	1,796	107,760	31,225	138,985	1.42
2014	1,302	1,904	114,240	32,550	146,790	1.50
2015	1,342	1,959	117,540	33,550	151,090	1.54
2016	1,335	1,763	105,780	33,375	139,155	1.42

Source: MHCC Public Use Data Bases 2012-2014, BCCSC data for 2015 and 2016

BCCSC has been able to operate at this volume by operating long hours and on Saturdays.

As demonstrated in response to Standard .05B(1) – Service Area, BCCSC's Service area includes most of Montgomery County and portions of Prince George's, Frederick, Arlington, Fairfax, and District of Columbia. Table 2 shows the population in these counties, projected through 2020. BCCSC then used its 2016 volumes to calculate an aggregate use rate for 2015 and 2016 and applied the average of those years' use rates to the total populations of the counties to partially project cases from 2017 through 2020. If BCCSC's cases grow only at the rate of aggregate population growth (unaffected by capacity restraints at BCCSC), BCCSC's volumes would grow from 1,342 OR cases in 2015 to 1,402 cases in 2020. BCCSC also used the average of the 2015 and 2016 Minutes/Case to project minutes. BCCSC anticipates that there will continue to be need for the one additional OR for which it is applying.

However, there are several other factors that will increase utilization going forward. As of January 1, 2017, BCCSC joined UnitedHealthcare's network; as of

March 1, 2017, joined Cigna's network; and BCCSC anticipates going in-network with Aetna before the end of 2017. In SurgCenter Development's recent experience in joining commercial insurers' networks, it has seen an increase in cases from those insurers of over 30%. Being conservative for this application, BCCSC factored in a 20% increase in case volume for these insurers, starting in the month that BCCSC starts being "in network."

In addition, two additional orthopedic surgeons will be joining BCCSC later this year. One, called Physician A (for confidentiality reasons at this point in time), currently practices at Reston Hospital Center, will be starting on September 1, 2017, currently performs, at least, 3 to 4 outpatient surgery cases per week, and will be bringing all of his outpatient cases to BCCSC. The other, called Physician B (also for confidentiality reasons), currently practices at Inova FairOaks Hospital, Inova Fairfax Hospital, Ortho Virginia Operatory, will be starting on August 1, 2017, also currently performs, at least, 3 to 4 outpatient surgery cases per week, and will be bringing all of his outpatient cases to BCCSC. These physician's cases were also increased marginally each year to reflect the percent of population growth.

Table 2 shows the projections, taking all of these factors into account.

Table 2
Population for Counties in BCCSC's Service Area
Projected Cases at BCCSC
2015-2020

Jurisdiction	2015	2016	2017	2018	2019	2020
Montgomery County, MD (CY)	1,031,680	1,044,310	1,057,095	1,067,806	1,078,625	1,089,554
Prince George's County, MD (CY)	904,614	913,199	921,865	929,987	938,181	946,448
Frederick County, MD (CY)	243,972	246,173	248,395	250,491	252,605	254,737
Arlington County, VA (CY)	227,331	231,601	235,951	239,284	242,664	246,092
Fairfax County, VA (CY)	1,129,155	1,139,006	1,148,944	1,159,160	1,169,467	1,179,866
District of Columbia	663,654	677,162	690,945	697,795	704,713	711,700
Total	4,202,419	4,251,451	4,303,195	4,344,524	4,386,256	4,428,396
Cases	1,342	1,335	1,363	1,376	1,389	1,402
Use Rate	0.000319	0.000314	0.000317	0.000317	0.000317	0.000317
Additional In Network Cases:						
United Health	-	-	42	43	44	45
Additional In Network Cases:						
CIGNA	-	-	18	22	23	24
Additional In Network Cases:						
AETNA	-	-	0	37	38	39
Additional Physician A	-	-	42	177	178	180
Additional Physician B	-	-	56	177	178	180
Total Cases	1,342	1,335	1,521	1,831	1,851	1,871
Minutes	117,540	105,780	126,865	152,764	154,400	156,049
Minutes/Case	88	79	83	83	83	83
TAT @ 25/Case	33,550	33,375	34,068	34,395	34,725	35,059
Total Minutes	151,090	139,155	160,933	187,159	189,125	191,108
Needed ORs @ 97,920 Min/Case	1.5	1.4	1.6	1.9	1.9	2.0

Sources: 2010, 2017, and 2022 Population from Environics Analytics/Spotlight (formerly Nielsen) used to calculate population for 2015-2020 using the Compound Average Growth Rate. 2015 and 2016 cases and minutes from BCCSC. Use rates and OR time per case in 2017-2020 is the average of 2015 and 2016.

Standard .05B(4) – Design Requirements.

Floor plans submitted by an applicant must be consistent with the current FGI Guidelines.

(a) A hospital shall meet the requirements in Section 2.2 of the FGI Guidelines.

(b) An ASF shall meet the requirements in Section 3.7 of the FGI Guidelines.

(c) Design features of a hospital or ASF that are at variance with the current FGI Guidelines shall be justified. The Commission may consider the opinion of staff at the Facility Guidelines Institute, which publishes the FGI Guidelines, to help determine whether the proposed variance is acceptable.

Applicant Response:

Please see Exhibit 10.

Standard .05B(5) – Support Services.

Each applicant shall agree to provide as needed, either directly or through contractual agreements, laboratory, radiology, and pathology services.

Applicant Response:

BCCSC has an existing contract with GenPath for pathology.

BCCSC has the ability to draw blood should an emergency situation arise; if this occurs, blood can be drawn and will be transported with the patient to Suburban Hospital via ambulance as part of the transfer agreement.

BCCSC has the ability to perform Radiology in-house.

Standard .05B(6) – Patient Safety.

The design of surgical facilities or changes to existing surgical facilities shall include features that enhance and improve patient safety. An applicant shall:

- (a) Document the manner in which the planning of the project took patient safety into account; and
 - (b) Provide an analysis of patient safety features included in the design of proposed new, replacement, or renovated surgical facilities.
-

Applicant Response:

BCCSC has been mindful of Patient Safety from the beginning of the design of this project. Patient safety will be addressed by maintaining the recommended clearances and space requirements as outlined in the FGI Guidelines, along with proper finish selections to maximize the ability to sanitize the space. BCCSC will adjust the HVAC system to meet/exceed the required air changes in the room, as well as assuring that the medical gases, call systems, and power meet the requirements, which will also help assure a safe environment for the patient to receive their treatment. The new OR room will be designed similarly to the existing OR, which will minimize training requirements and allow staff to move from one room to another with minimal chance of confusion, thus improving patient safety.

Standard .05B(7) – Construction Costs.

The cost of constructing surgical facilities shall be reasonable and consistent with current industry cost experience.

(a) Hospital projects.

(i) The projected cost per square foot of a hospital construction or renovation project that includes surgical facilities shall be compared to the benchmark cost of good quality Class A hospital construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors.

(ii) If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost, any rate increase proposed by the hospital related to the capital cost of the project shall not include:

- 1. The amount of the projected construction cost and associated capitalized construction cost that exceeds the Marshall Valuation Service® benchmark; and

2. Those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the excess construction cost.

(b) Ambulatory Surgical Facilities.

(i) The projected cost per square foot of an ambulatory surgical facility construction or renovation project shall be compared to the benchmark cost of good quality Class A construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors.

(ii) If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost by 15% or more, then the applicant's project shall not be approved unless the applicant demonstrates the reasonableness of the construction costs. Additional independent construction cost estimates or information on the actual cost of recently constructed surgical facilities similar to the proposed facility may be provided to support an applicant's analysis of the reasonableness of the construction costs.

Applicant Response:

The following compares the project costs to the Marshall Valuation Service ("MVS") benchmark.

I. Marshall Valuation Service Calculation

Type	Outpatient (Surgical) Centers
Construction Quality/Class	A-B/Good
Stories	1
Perimeter	354
Height of Ceiling	12.00
Square Feet	3,027
f.1 Average floor Area	3,027

A. Base Costs

Basic Structure	369.05
Elimination of HVAC cost for adjustment	0
HVAC Add-on for Mild Climate	0
HVAC Add-on for Extreme Climate	0
Total Base Cost	\$369.05
Adjustment for OR Cost Differential	1.89
Adjusted Base Cost	697.5045

B. Additions

Elevator (If not in base)	\$0.00
Other	\$0.00
Subtotal	\$0.00

Total	\$697.50
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C. Multipliers

Perimeter Multiplier	1.14937882
Product	801.6968992

Height Multiplier (plus/minus from 12')	1
Product	\$801.70

Multi-story Multiplier (0.5%/story above 3)	1
Product	\$801.70

D. Sprinklers

Sprinkler Amount	5.29
Subtotal	\$806.99

E. Update/Location Multipliers

Update Multiplier	1.03
Product	\$831.20

Location Multiplier	1.06
Product	\$881.07

Adjustment for Renovation Only	50.00%
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Final Square Foot Cost Benchmark	\$440.54
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Please note the “Adjustment for OR Cost Differential” and “Adjustment for Renovation Only.” MVS does not have a benchmark for renovation. These adjustments derive from an approach that MHCC Staff used in the matter of Massachusetts Avenue Surgery Center (Matter No. 16-15-2378).

II. Cost of Renovation

A. Base Calculations	Actual	Per Sq. Foot
New Construction	\$1,139,000	\$376.28
Fixed Equipment	In Building	
Site Preparation	\$0	\$0.00
Architectural Fees	\$85,000	\$28.08
Capitalized Construction Interest and Financing Fees	\$3,000	\$0.99
Permits	\$50,000	\$16.52
Subtotal	\$1,277,000	\$421.87

III. Comparison

A. Project Cost/Sq. Ft.	\$421.87
B. Marshall Valuation Service Benchmark	\$440.54
Difference	(\$18.67)
Percent	-4.24%

Standard .05B(8) – Financial Feasibility.

A surgical facility project shall be financially feasible. Financial projections filed as part of an application that includes the establishment or expansion of surgical facilities and services shall be accompanied by a statement containing each assumption used to develop the projections.

(a) An applicant shall document that:

(i) Utilization projections are consistent with observed historic trends in use of the applicable service(s) by the likely service area population of the facility;

(ii) Revenue estimates are consistent with utilization projections and are based on current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provision, as experienced by the applicant facility or, if a new facility, the recent experience of similar facilities;

(iii) Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by the applicant facility, or, if a new facility, the recent experience of similar facilities; and

(iv) The facility will generate excess revenues over total expenses (including debt service expenses and plant and equipment depreciation), if utilization forecasts are achieved for the specific services affected by the project within five years of initiating operations.

(b) A project that does not generate excess revenues over total expenses even if utilization forecasts are achieved for the services affected by the project may be approved upon demonstration that overall facility financial performance will be positive and that the services will benefit the facility's primary service area population.

Applicant Response:

BCCSC is, and will continue to be, financially viable, as shown on CON Table Packet - Table G. The calculations are based on 2016 budgeted volumes by the surgeons who will be performing surgery at the center and population growth.

Revenue estimates are based on the utilization projections and current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, as experienced by BCCSC. Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels at BCCSC.

The facility will generate excess revenues over total expenses (including debt service expenses and plant and equipment depreciation), whether or not utilization forecasts are achieved within two years of initiating operations.

See Exhibit 2 for a list of assumptions below that were used in the revenue and expense projections.

Standard .05B(9) – Preference in Comparative Reviews.

In the case of a comparative review of CON applications to establish an ambulatory surgical facility or provide surgical services, preference will be given to a project that commits to serve a larger proportion of charity care and Medicaid patients. Applicants' commitment to provide charity care will be evaluated based on their past record of providing such care and their proposed outreach strategies for meeting their projected levels of charity care.

Applicant Response:

Not applicable.

10.24.01.08G(3)(b). Need.

The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.

INSTRUCTIONS: Please discuss the need of the population served or to be served by the

Project.

Responses should include a quantitative analysis that, at a minimum, describes the Project's expected service area, population size, characteristics, and projected growth. If the relevant chapter of the State Health Plan includes a need standard or need projection methodology, please reference/address it in your response. For applications proposing to address the need of special population groups, please specifically identify those populations that are underserved and describe how this Project will address their needs.

If the project involves modernization of an existing facility through renovation and/or expansion, provide a detailed explanation of why such modernization is needed by the service area population. Identify and discuss relevant building or life safety code issues, age of physical plant issues, or standard of care issues that support the need for the proposed modernization.

Please assure that all sources of information used in the need analysis are identified. List all assumptions made in the need analysis regarding demand for services, utilization rate(s), and the relevant population, and provide information supporting the validity of the assumptions.

Complete Tables 1 and/or 2 below, as applies.

[(INSTRUCTION: Complete Table 1 for the Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1. All Applicants should complete Table 2. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY)]

Applicant Response:

BCCSC currently operates one OR and is applying for approval to operate a second OR. This project is proposed in order to address the long hours of operation BCCSC is currently operating to accommodate volumes that already exceed the MHCC's definition of "optimal utilization" for two ORs.

Please see the response to SHP Standard .05B(3) – Need - Minimum Utilization for Expansion of An Existing Facility.

In lieu of Table 1, BCCSC has completed Table G of the CON Table Packet, which is attached as Exhibit 1.

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
1. Admissions							
a. ICF-MR							
b. RTC-Residents							

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
Day Students							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							
2. Patient Days							
a. ICF-MR							
b. RTC-Residents							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							
3. Average Length of Stay							
a. ICF-MR							
b. RTC-Residents							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							
4. Occupancy Percentage*							
a. ICF-MR							
b. RTC-Residents							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							
5. Number of Licensed Beds*							
a. ICF-MR							
b. RTC-Residents							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
6. Home Health Agencies							
a. SN Visits							
b. Home Health Aide							
c. Other Staff							
d.							
e. Total patients srvd.							
7. Hospice Programs							
a. SN visits							
b. Social work visits							
c. Other staff visits							
d.							
e. Total patients srvd.							
8. Ambulatory Surgical Facilities							
a. Number of operating rooms (ORs)							
• Total Procedures in ORs							
• Total Cases in ORs							
• Total Surgical Minutes in ORs**							
b. Number of Procedure Rooms (PRs)							
• Total Procedures in PRs							
• Total Cases in PRs							
• Total Minutes in PRs**							

*Number of beds and occupancy percentage should be reported on the basis of licensed beds.

**Do not include turnover time.

TABLE 2: STATISTICAL PROJECTIONS - PROPOSED PROJECT
(INSTRUCTION: All applicants should complete this table.)

	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__
1. Admissions				
a. ICF-MR				
b. RTC-Residents				
Day Students				
c. ICF-C/D				
d. Other (Specify)				
e. TOTAL				
2. Patient Days				
a. ICF-MR				
b. Residential Treatment Ctr				
c. ICF-C/D				
d. Other (Specify)				
e. TOTAL				
3. Average Length of Stay				
a. ICF-MR				
b. Residential Treatment Ctr				
c. ICF-C/D				
d. Other (Specify)				
e. TOTAL				
4. Occupancy Percentage*				
a. ICF-MR				
b. Residential Treatment Ctr				
c. ICF-C/D				
d. Other (Specify)				
e. TOTAL				
5. Number of Licensed Beds				
a. ICF-MR				
b. Residential Treatment Ctr				
c. ICF-C/D				

	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20	20	20	20
d. Other (Specify)				
e. TOTAL				
6. Home Health Agencies				
a. SN Visits				
b. Home Health Aide				
c.				
d.				
e. Total patients served				
7. Hospice Programs				
a. SN Visits				
b. Social work visits				
c. Other staff visits				
d. Total patients served				
8. Ambulatory Surgical Facilities				
a. Number of operating rooms (ORs)				
• Total Procedures in ORs				
• Total Cases in ORs				
• Total Surgical Minutes in ORs**				
b. Number of Procedure Rooms (PRs)				
• Total Procedures in PRs				
• Total Cases in PRs				
• Total Minutes in PRs**				

*Do not include turnover time

10.24.01.08G(3)(c). Availability of More Cost-Effective Alternatives.

The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a

comparative review.

INSTRUCTIONS: Please describe the planning process that was used to develop the proposed project. This should include a full explanation of the primary goals or objectives of the project or the problem(s) being addressed by the project. It should also identify the alternative approaches to achieving those goals or objectives or solving those problem(s) that were considered during the project planning process, including the alternative of the services being provided by existing facilities.

For all alternative approaches, provide information on the level of effectiveness in goal or objective achievement or problem resolution that each alternative would be likely to achieve and the costs of each alternative. The cost analysis should go beyond development cost to consider life cycle costs of project alternatives. This narrative should clearly convey the analytical findings and reasoning that supported the project choices made. It should demonstrate why the proposed project provides the most effective goal and objective achievement or the most effective solution to the identified problem(s) for the level of cost required to implement the project, when compared to the effectiveness and cost of alternatives including the alternative of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

Applicant Response:

BCCSC has grown over the past 6 years, and has made many adjustments to accommodate the patients in the community. The efforts include:

- Moving appropriate/ eligible cases to the procedure room to open time in the Operating room;
- Expanding hours of operation into the later evening hours (past 7pm); Performing cases on weekends; Credentialing two new surgeons to accommodate additional case volume

When BCCSC opened in 2011, the center was only contracted with Medicare. Since that time, the center has successfully negotiated contracts with CareFirst BlueCross, UnitedHealthCare, and Cigna and expects to complete negotiations with Aetna in the near future. These contracts continue to increase our volume year after year, and we anticipate continued growth for years to come.

Relocating either to another suite within the same building or to another building would require a substantially higher project cost, since the other areas of BCCSC, such as waiting areas, Pre-Op and PACU areas, etc. would have to be replicated.

10.24.01.08G(3)(d). Viability of the Proposal.

The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames

set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

INSTRUCTIONS: Please provide a complete description of the funding plan for the project, documenting the availability of equity, grant(s), or philanthropic sources of funds and demonstrating, to the extent possible, the ability of the applicant to obtain the debt financing proposed. Describe the alternative financing mechanisms considered in project planning and provide an explanation of why the proposed mix of funding sources was chosen.

- Complete Tables 3 and/or 4 below, as applicable. Attach additional pages as necessary detailing assumptions with respect to each revenue and expense line item.
- Complete Table L (Workforce) from the Hospital CON Application Table Package.
- Audited financial statements for the past two years should be provided by all applicant entities and parent companies to demonstrate the financial condition of the entities involved and the availability of the equity contribution. If audited financial statements are not available for the entity or individuals that will provide the equity contribution, submit documentation of the financial condition of the entities and/or individuals providing the funds and the availability of such funds. Acceptable documentation is a letter signed by an independent Certified Public Accountant. Such letter shall detail the financial information considered by the CPA in reaching the conclusion that adequate funds are available.
- If debt financing is required and/or grants or fund raising is proposed, detail the experience of the entities and/or individuals involved in obtaining such financing and grants and in raising funds for similar projects. If grant funding is proposed, identify the grant that has been or will be pursued and document the eligibility of the proposed project for the grant.
- Describe and document relevant community support for the proposed project.
- Identify the performance requirements applicable to the proposed project (see question 12, "Project Schedule") and explain how the applicant will be able to implement the project in compliance with those performance requirements. Explain the process for completing the project design, obtaining State and local land use, environmental, and design approvals, contracting and obligating the funds within the prescribed time frame. Describe the construction process or refer to a description elsewhere in the application that demonstrates that the project can be completed within the applicable time frame(s).

Applicant Response:

BCCSC does not have audited financial statements. Attached as Exhibit 11 is a letter from an independent Certified Public Accounting firm attesting that BCCSC has adequate funds available to implement this project.

Exhibit 12 includes a letter from a bank stating its interest in financing the project.

Exhibit 13 includes letters of support.

This project will not have any impact on charges at BCCSC. As stated previously, reimbursement is set by the payors. The only impact that this project will have on BCCSC's expenses is project related depreciation and amortization.

Nor will this project impact the costs or charges at any other facility. BCCSC will not be taking cases from other facilities.

In lieu of Table 3, BCCSC has completed Table H of the CON Table Packet, which is attached as Exhibit 1.

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

(INSTRUCTION: ALL EXISTING FACILITY APPLICANTS MUST SUBMIT AUDITED FINANCIAL STATEMENTS)

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
1. Revenue							
a. Inpatient services							
b. Outpatient services							
c. Gross Patient Service Revenue							
d. Allowance for Bad Debt							
e. Contractual Allowance							
f. Charity Care							
g. Net Patient Services Revenue							
h. Other Operating Revenues (Specify)							
i. Net Operating Revenue							
2. Expenses							
a. Salaries, Wages, and Professional Fees, (including fringe benefits)							
b. Contractual Services							
c. Interest on Current Debt							
d. Interest on Project Debt							
e. Current Depreciation							

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
f. Project Depreciation							
g. Current Amortization							
h. Project Amortization							
i. Supplies							
j. Other Expenses (Specify)							
k. Total Operating Expenses							
3. Income							
a. Income from Operation							
b. Non-Operating Income							
c. Subtotal							
d. Income Taxes							
e. Net Income (Loss)							
4. Patient Mix:							
A. Percent of Total Revenue							
1. Medicare							
2. Medicaid							
3. Blue Cross							
4. Commercial Insurance							
5. Self-Pay							
6. Other (Specify)							
7. TOTAL	100%	100%	100%	100%	100%	100%	100%
B. Percent of Patient Days/Visits/Procedures (as applicable)							
1. Medicare							
2. Medicaid							
3. Blue Cross							
4. Commercial Insurance							
5. Self-Pay							
6. Other (Specify)							
7. TOTAL	100%	100%	100%	100%	100%	100%	100%

TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT**(INSTRUCTION: Each applicant should complete this table for the proposed project only)**

	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__
1. Revenues				
a. Inpatient Services				
b. Outpatient Services				
c. Gross Patient Services Revenue				
d. Allowance for Bad Debt				
e. Contractual Allowance				
f. Charity Care				
g. Net Patient Care Service Revenues				
h. Total Net Operating Revenue				
2. Expenses				
a. Salaries, Wages, and Professional Fees, (including fringe benefits)				
b. Contractual Services				
c. Interest on Current Debt				
d. Interest on Project Debt				
e. Current Depreciation				
f. Project Depreciation				
g. Current Amortization				
h. Project Amortization				
i. Supplies				
j. Other Expenses (Specify)				
k. Total Operating Expenses				

10.24.01.08G(3)(e). Compliance with Conditions of Previous Certificates of Need.

An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

INSTRUCTIONS: List all of the Maryland Certificates of Need that have been issued to the project applicant, its parent, or its affiliates or subsidiaries over the prior 15 years, including their terms and conditions, and any changes to approved Certificates that needed to be obtained. Document that these projects were or are being implemented in compliance with all of their terms and conditions or explain why this was not the case.

Applicant Response:

BCCSC has no previous CONs.

10.24.01.08G(3)(f). Impact on Existing Providers and the Health Care Delivery System.

An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

INSTRUCTIONS: Please provide an analysis of the impact of the proposed project. Please assure that all sources of information used in the impact analysis are identified and identify all the assumptions made in the impact analysis with respect to demand for services, payer mix, access to service and cost to the health care delivery system including relevant populations considered in the analysis, and changes in market share, with information that supports the validity of these assumptions. Provide an analysis of the following impacts:

- a) On the volume of service provided by all other existing health care providers that are likely to experience some impact as a result of this project;
- b) On the payer mix of all other existing health care providers that are likely to experience some impact on payer mix as a result of this project. If an applicant for a new nursing home claims no impact on payer mix, the applicant must identify the likely source of any expected increase in patients by payer.
- c) On access to health care services for the service area population that will be served by the project. (State and support the assumptions used in this analysis of the impact on access);
- d) On costs to the health care delivery system.

If the applicant is an existing facility or program, provide a summary description of the impact of the proposed project on the applicant's costs and charges, consistent with the information provided in the Project Budget, the projections of revenues and expenses, and the work force information.

Applicant Response:

This project will have no impact on other facilities, as it is intended to serve the volumes already experienced by BCCSC. It will have no impact on payer mix, as it is expected that the current payor mix will not materially change.

This will increase access for BCCSC patients, enabling more scheduling flexibility for surgical cases.

It will have no impact on costs to the health care system, as ASC reimbursement is set by payors irrespective of capital investment.

BCCSC will not have a problem meeting the modest staffing requirements posed by this project. Working in an Ambulatory Surgery Center often affords an opportunity for a surgical nurse who has taken a sabbatical from the field to re-enter. If needed, BCCSC will advertise in the local newspapers and in professional journals and use employment agencies. BCCSC's best source for recruitment has been from our physician members. As they are so well established in the community, they personally knew most of our current employees and can, and do, assist BCCSC in filling any open positions. Open positions usually fill within 2 weeks.

Exhibits

1. CON Table Packet
2. Statement of Assumptions
3. Project Drawings
4. Ownership List
5. Lease
6. Charge Master
7. Charity Care Policy
8. License and AAAHC Certification
9. Transfer Agreement
10. Architect Letter on FGI Guidelines
11. Letter from an Independent Certified Public Accounting Firm
12. Letter from a Bank Indicating Interest in Financing the Project
13. Letters of Support
14. Affirmations

EXHIBIT 1

TABLE C. CONSTRUCTION CHARACTERISTICS

INSTRUCTION: If project includes non-hospital space structures (e.g., parking garages, medical office buildings, or energy plants), complete an additional Table C for each structure.

	NEW CONSTRUCTION	RENOVATION
BASE BUILDING CHARACTERISTICS	Check if applicable	
Class of Construction (for renovations the class of the building being renovated)*		
Class A	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Class B	<input type="checkbox"/>	<input type="checkbox"/>
Class C	<input type="checkbox"/>	<input type="checkbox"/>
Class D	<input type="checkbox"/>	<input type="checkbox"/>
Type of Construction/Renovation*		
Low	<input type="checkbox"/>	<input type="checkbox"/>
Average	<input type="checkbox"/>	<input type="checkbox"/>
Good	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Excellent	<input type="checkbox"/>	<input type="checkbox"/>
Number of Stories		

*As defined by Marshall Valuation Service

PROJECT SPACE	List Number of Feet, if applicable	
Total Square Footage	Total Square Feet	
Basement		NA
First Floor		3,027
Second Floor		NA
Third Floor		NA
Fourth Floor		NA
Average Square Feet		
Perimeter in Linear Feet	Linear Feet	
Basement		NA
First Floor		650
Second Floor		NA
Third Floor		NA
Fourth Floor		NA
Total Linear Feet		
Average Linear Feet		
Wall Height (floor to eaves)	Feet	
Basement		NA
First Floor		12
Second Floor		NA
Third Floor		NA
Fourth Floor		NA
Average Wall Height		
OTHER COMPONENTS		
Elevators	List Number	
Passenger		0
Freight		0
Sprinklers	Square Feet Covered	
Wet System		3,027
Dry System		0
Other	Describe Type	
Type of HVAC System for proposed project	Air Handler Unit	
Type of Exterior Walls for proposed project	Existing	

TABLE E. PROJECT BUDGET

INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application.

NOTE: Inflation should only be included in the Inflation allowance line A. 1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds

	Total
A. USE OF FUNDS	
1. CAPITAL COSTS	
a. New Construction	
(1) Building	\$0
(2) Fixed Equipment	\$0
(3) Site and Infrastructure	\$0
(4) Architect/Engineering Fees	\$0
(5) Permits (Building, Utilities, Etc.)	\$0
SUBTOTAL	\$0
b. Renovations	
(1) Building	\$1,139,000
(2) Fixed Equipment (not included in construction)	\$0
(3) Architect/Engineering Fees	\$85,000
(4) Permits (Building, Utilities, Etc.)	\$50,000
SUBTOTAL	\$1,274,000
c. Other Capital Costs	
(1) Movable Equipment	\$268,300
(2) Contingency Allowance	\$116,100
(3) Gross interest during construction period	\$0
(4) Other (Specify/add rows if needed)	\$0
SUBTOTAL	\$384,400
TOTAL CURRENT CAPITAL COSTS	\$1,658,400
d. Land Purchase	
e. Inflation Allowance	\$23,218
TOTAL CAPITAL COSTS	\$1,681,618
2. Financing Cost and Other Cash Requirements	
a. Loan Placement Fees	\$3,000
b. Bond Discount	\$0
c. CON Application Assistance	
c1. Legal Fees	\$50,000
c2. Other (Consultant)	\$25,000
d. Non-CON Consulting Fees	
d1. Legal Fees	\$0
d2. Other (Specify/add rows if needed)	\$0
e. Debt Service Reserve Fund	\$0
f. Other (Specify/add rows if needed)	\$0
SUBTOTAL	\$78,000
3. Working Capital Startup Costs	\$0
TOTAL USES OF FUNDS	\$1,759,618
B. Sources of Funds	
1. Cash	\$620,618
2. Philanthropy (to date and expected)	\$0
3. Authorized Bonds	\$0
4. Interest Income from bond proceeds listed in #3	\$0
5. Mortgage	\$0
6. Loans	\$1,139,000
7. Grants or Appropriations	
a. Federal	\$0
b. State	\$0
c. Local	\$0
8. Other (Specify/add rows if needed)	\$0
TOTAL SOURCES OF FUNDS	\$1,759,618
	Total
Annual Lease Costs (if applicable)	
1. Land	\$0
2. Building	\$159,000
3. Major Movable Equipment	\$0
4. Minor Movable Equipment	\$0
5. Other (Specify/add rows if needed)	\$0

* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.

TABLE F. STATISTICAL PROJECTIONS - ENTIRE FACILITY

INSTRUCTION : Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.		
Indicate CY or FY	2,015	2,016	2,017	2,018	2,019	2,020
8. Ambulatory Surgical Facilities	1	1	1	1	1	1
a. Number of operating rooms (ORs)	1	1	1	2	2	2
• Total Procedures in ORs	5,800	5,850	6,665	8,023	8,111	8,199
• Total Cases in ORs	1,342	1,335	1,521	1,831	1,851	1,871
• Total Surgical Minutes in ORs**	117,674	105,763	126,865	152,764	154,400	156,049
b. Number of Procedure Rooms (PRs)	1	1	1	1	1	1
• Total Procedures in PRs	2,692	2,640	3,008	3,621	3,660	3,700
• Total Cases in PRs	930	852	971	1,169	1,181	1,194
• Total Minutes in PRs**	52,215	46,852	53,380	64,259	64,961	65,663

*Do not include turnover time

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION : Complete this table for the entire facility, including the proposed project. Table G should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table F and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will		
Indicate CY or FY	2015	2016	2017	2018	2019	2020
1. REVENUE						
a. Inpatient Services	\$ -	\$ -				
b. Outpatient Services	\$ 60,865,939	\$ 62,522,567	\$ 71,231,960	\$ 85,749,034	\$ 86,683,698	\$ 87,619,882
Gross Patient Service Revenues	\$ 60,865,939	\$ 62,522,567	\$ 71,231,960	\$ 85,749,034	\$ 86,683,698	\$ 87,619,882
c. Allowance For Bad Debt						
d. Contractual Allowance	\$ 48,907,317	\$ 51,762,044	\$ 59,671,338	\$ 71,832,572	\$ 72,615,814	\$ 73,400,135
e. Charity Care	\$ 8,239	\$ 24,751	\$ 25,566	\$ 30,561	\$ 30,627	\$ 30,887
Net Patient Services Revenue	\$ 11,950,383	\$ 10,735,771	\$ 11,535,057	\$ 13,885,901	\$ 14,037,257	\$ 14,188,860
f. Other Operating Revenues (Specify/add rows if needed)	\$ 7,037	\$ 926	\$ 972	\$ 972	\$ 972	\$ 972
NET OPERATING REVENUE	\$ 11,957,421	\$ 10,736,698	\$ 11,536,029	\$ 13,886,873	\$ 14,038,230	\$ 14,189,832
2. EXPENSES						
a. Salaries & Wages (including benefits)	\$ 1,953,130	\$ 1,998,854	\$ 2,092,780	\$ 2,317,005	\$ 2,317,005	\$ 2,317,005
b. Contractual Services	\$ 133,954	\$ 200,837	\$ 228,813	\$ 275,446	\$ 278,448	\$ 308,520
c. Interest on Current Debt	\$ 4,604	\$ -				
d. Interest on Project Debt				\$ 54,961	\$ 43,694	\$ 32,009
e. Current Depreciation	\$ 19,266	\$ 44,117	\$ 54,380	\$ 33,083	\$ 18,794	\$ 16,675
f. Project Depreciation				\$ 138,593	\$ 138,593	\$ 138,593
g. Current Amortization	\$ 9,718	\$ 9,718	\$ 9,718	\$ 9,718	\$ 9,718	\$ 9,718
h. Project Amortization						
i. Supplies	\$ 2,817,770	\$ 2,393,965	\$ 2,727,444	\$ 3,283,297	\$ 3,319,085	\$ 3,354,931
j. Other Expenses (Specify/add rows if needed)						
Building and Equipment Costs	\$ 417,551	\$ 488,075	\$ 652,186	\$ 675,107	\$ 698,391	\$ 722,635
Charitable Donations		\$ 10,675	\$ 5,338	\$ 5,338	\$ 5,338	\$ 5,338
Conference Seminar		\$ 1,350	\$ 675	\$ 675	\$ 675	\$ 675
Continuing Education	\$ 3,625	\$ 1,275	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,450
Credit Card Discount Fees	\$ 26,632	\$ 31,460	\$ 37,163	\$ 43,900	\$ 51,859	\$ 61,260

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION : Complete this table for the entire facility, including the proposed project. Table G should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table F and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will		
Indicate CY or FY	2015	2016	2017	2018	2019	2020
Gifts	\$ 2,702	\$ 1,676	\$ 2,189	\$ 2,189	\$ 2,189	\$ 2,189
Insurance	\$ 22,259	\$ 19,548	\$ 22,259	\$ 22,259	\$ 22,259	\$ 22,259
Licenses and Permits	\$ 8,935	\$ 3,150	\$ 8,935	\$ 8,935	\$ 8,935	\$ 8,935
Dues/Memberships/Subscriptions	\$ 1,008	\$ 1,791	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400
Meals and Entertainment	\$ 5,960	\$ 13,563	\$ 9,762	\$ 9,762	\$ 9,762	\$ 9,762
Parking Fees	\$ 30,750	\$ 35,589	\$ 33,170	\$ 33,170	\$ 33,170	\$ 33,170
Patient Transport & After Care	\$ 1,562	\$ 1,038	\$ 1,183	\$ 1,424	\$ 1,439	\$ 1,455
Postage & Delivery	\$ 5,591	\$ 3,584	\$ 4,587	\$ 4,085	\$ 4,336	\$ 4,211
Printing & Reproduction	\$ 13,229	\$ 6,390	\$ 9,809	\$ 9,809	\$ 9,809	\$ 9,809
Reference Materials	\$ 1,640	\$ 136	\$ 888	\$ 888	\$ 888	\$ 888
Travel Expense	\$ 37	\$ 462	\$ 249	\$ 249	\$ 249	\$ 249
Tax Expense	\$ 23,775	\$ 22,870	\$ 23,775	\$ 23,775	\$ 23,775	\$ 23,775
Finance Charge/Misc	\$ 3,800	\$ 77	\$ 1,938	\$ 1,938	\$ 1,938	\$ 1,938
Utilities	\$ 110,341	\$ 108,886	\$ 109,614	\$ 115,000	\$ 115,000	\$ 115,000
TOTAL OPERATING EXPENSES	\$ 5,617,839	\$ 5,399,085	\$ 6,040,704	\$ 7,074,456	\$ 7,119,199	\$ 7,204,849
3. INCOME						
a. Income From Operation	\$ 6,339,582	\$ 5,337,612	\$ 5,495,325	\$ 6,812,417	\$ 6,919,031	\$ 6,984,983
b. Non-Operating Income	\$ -	\$ 650				
SUBTOTAL	\$ 6,339,582	\$ 5,338,262	\$ 5,495,325	\$ 6,812,417	\$ 6,919,031	\$ 6,984,983
c. Income Taxes						
NET INCOME (LOSS)	\$ 6,339,582	\$ 5,338,262	\$ 5,495,325	\$ 6,812,417	\$ 6,919,031	\$ 6,984,983

INSTRUCTION : Complete this table for the entire facility, including the proposed project. Table G should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table F and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

4. PATIENT MIX						
a. Percent of Total Revenue						
1) Medicare	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
2) Medicaid	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3) Blue Cross	35.0%	36.0%	34.0%	34.0%	34.0%	34.0%
4) Commercial Insurance	32.0%	31.0%	33.0%	33.0%	33.0%	33.0%
5) Self-pay	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6) Other	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1) Medicare	0.0%	0.0%				
2) Medicaid	0.0%	0.0%				
3) Blue Cross	0.0%	0.0%				
4) Commercial Insurance	0.0%	0.0%				
5) Self-pay	0.0%	0.0%				
6) Other	0.0%	0.0%				
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

1) Medicare	0.0%	0.0%				
2) Medicaid	0.0%	0.0%				
3) Blue Cross	0.0%	0.0%				
4) Commercial Insurance	0.0%	0.0%				
5) Self-pay	0.0%	0.0%				
6) Other	0.0%	0.0%				
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

INSTRUCTION : List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G.

	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT	
Job Category	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost (should be consistent with projections in Table G, if submitted).	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost (should be consistent with projections in Table G)
1. Regular Employees											
Administration (List general categories, add rows if needed)											
Adminnistrator	1.00	\$116,326	\$116,326			\$0			\$0	1.0	\$116,326
Clinical Manager	1.00	\$59,497	\$59,497			\$0			\$0	1.0	\$59,497
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
Total Administration	2.00		\$175,822			\$0			\$0	2.0	\$175,822
Direct Care Staff (List general categories, add rows if needed)											
Nurses	7.51	\$113,296	\$851,163	1.0	\$113,296	\$113,296			\$0	8.5	\$964,460
Scub Tech	2.67	\$96,767	\$257,927	1.0	\$96,767	\$96,767			\$0	3.7	\$354,694
Sterile Processor	2.11	\$58,659	\$123,705			\$0			\$0	2.1	\$123,705
			\$0			\$0			\$0	0.0	\$0
Total Direct Care	12.29		\$1,232,796		\$210,063	\$210,063			\$0	12.3	\$1,442,859
Support Staff (List general categories, add rows if needed)											
Front Desk Staff	3.09	\$53,882	\$166,654			\$0			\$0	3.1	\$166,654
Billr	1.02	\$69,228	\$70,613			\$0			\$0	1.0	\$70,613
Collections	1.02	\$53,428	\$54,250			\$0			\$0	1.0	\$54,250
			\$0			\$0			\$0	0.0	\$0
Total Support	5.13		\$291,516			\$0			\$0	5.1	\$291,516
REGULAR EMPLOYEES TOTAL	19.42		\$1,700,134		\$210,063	\$210,063			\$0	19.4	\$1,910,197
2. Contractual Employees											

TABLE H. WORKFORCE INFORMATION

Administration <i>(List general categories, add rows if needed)</i>											
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
Total Administration			\$0			\$0			\$0	0.0	\$0
Direct Care Staff <i>(List general categories, add rows if needed)</i>											
PRN Nurses	1.81	\$99,324	\$180,071			\$0			\$0	0.0	\$180,071
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
Total Direct Care Staff	1.81		\$180,071			\$0			\$0	1.8	\$180,071
Support Staff <i>(List general categories, add rows if needed)</i>											
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
Total Support Staff			\$0			\$0			\$0	0.0	\$0
CONTRACTUAL EMPLOYEES TO	1.81	\$99,324	\$180,071			\$0			\$0	1.8	\$180,071
Benefits <i>(State method of calculating benefits below) :</i>			\$212,576			\$14,162					\$226,738
2017 Benefits were calculated by taking actual benefits paid through 5/2017 and annualizing that number and then based upon percentage of salary											
TOTAL COST	21.23		\$2,092,780	0.0		\$224,225	0.0		\$0		\$2,317,005

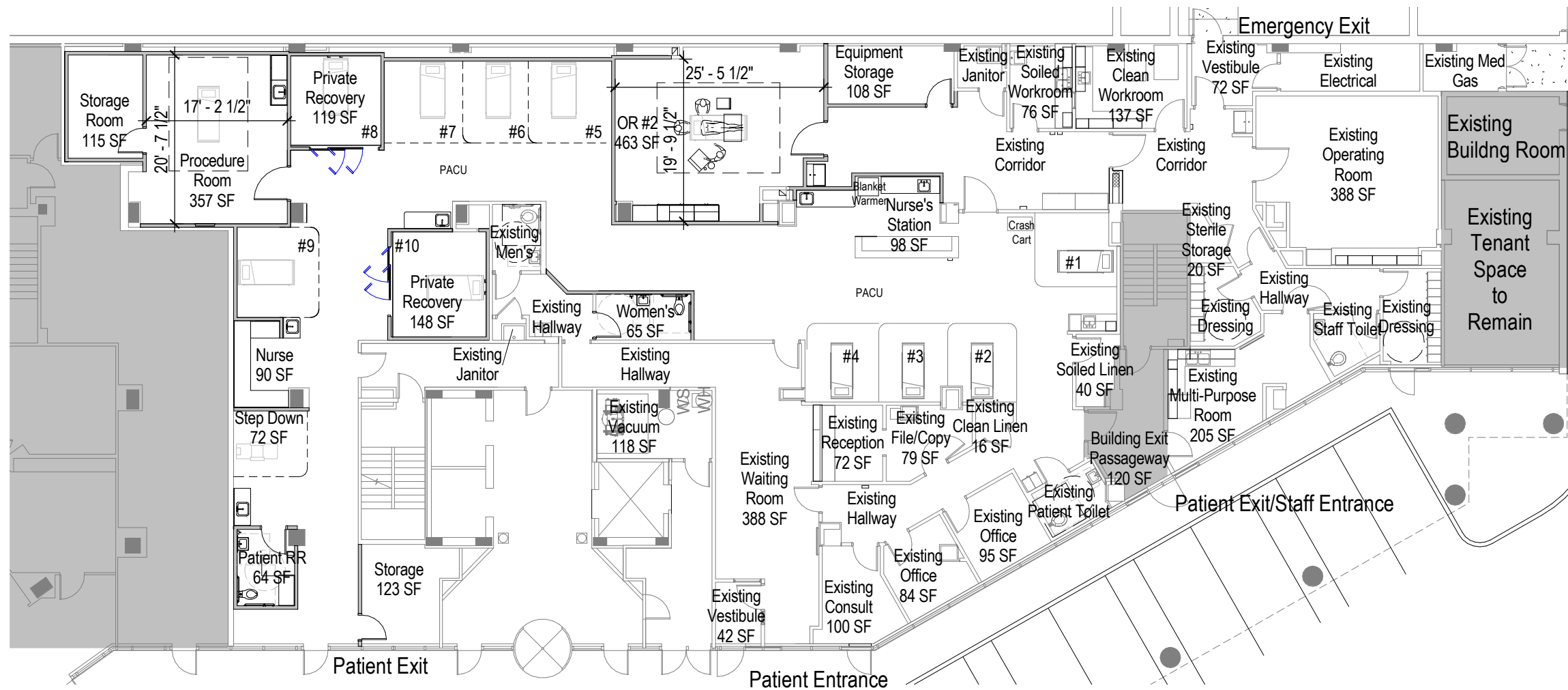
EXHIBIT 2

Table G
Revenue and Expenses
Statement of Assumptions

<u>Revenue</u>	<u>Reference</u>	<u>Assumptions</u>
Outpatient Services	1b	Estimated proportionately based on the projected increase in OR cases for proposed project in Table F and 2016 actual data.
Contractual Allowances	1d	Estimated as a percentage of Gross Outpatient Revenue based on C.Y. 2016 and known in-network actual Contractual Allowances and presumed out-of-network Contractual Allowances.
Charity Care	1e	Estimated as a percentage of the estimated Operating Expenses for the Center.
<u>Expenses:</u>		
Salaries and Wages	2a	Estimated based on the Manpower information in Table L and annual actual employment data through May 31, 2017.
Contractual Service	2b	Estimated using 2016 Contractual Services costs and increasing proportionally to the projected increase in OR case volume as set forth on Table F.
Interest on Project Debt	2d	Estimated based on running the anticipated loan through an interest calculator
Current Depreciation	2e	Estimated using the depreciation calculations for 2017 through 2020
Project Depreciation	2f	Estimated based upon the expected cost of the project and the applicable depreciation rates.
Supplies	2i	Estimated using 2016 actual supply costs and increasing proportionally based upon the projected increase in OR case volume as set forth on Table F.
Other Expenses		
Building and Equipment	2j	Estimated based upon the anticipated increases in costs, principally the increase in rent costs.
Charitable Donations	2j	Estimated based upon the average for 2015 and 2016
Conference Seminar	2j	Estimated based upon the average of 2015 and 2016 actual costs.
Continuing Education	2j	Estimated based upon the average of 2015 and 2016 actual costs
Credit Card Fee	2j	Estimated proportionately based on the projected year over year increase in fees beginning with the increase from 2015 to 2016.
Gifts	2j	Estimated based upon the average of 2015 and 2016 actual costs.

Insurance	2j	Estimated based upon the high amount from 2015
Licenses and Permits	2j	Estimated based upon the high amount from 2015
Dues, Memberships, etc	2j	Estimated based upon the average of actual expenses for 2015 and 2016
Meals & Entertainment	2j	Estimated based upon the average of actual expenses for 2015 and 2016
Parking Fees	2j	Estimated based upon the average of actual expenses for 2015 and 2016
Patient Transport	2j	Estimated using 2016 actual transport costs and increasing proportionally based upon the projected increase in OR case volume as set forth on Table F.
Postage & Delivery	2j	Estimated based upon the average of actual expenses for 2015 and 2016
Printing & Reproduction	2j	Estimated based upon the average of actual expenses for 2015 and 2016
Reference Materials	2j	Estimated based upon the average of actual expenses for 2015 and 2016
Travel Expenses	2j	Estimated based upon the average of actual expenses for 2015 and 2016
Tax Expense	2j	Estimated by the high actual amount of 2015.
Finance Charges/Misc.	2j	Estimated based upon the average of actual expenses for 2015 and 2016
Utilities	2j	For 2017 the average of 2015 and 2016 was used. A slightly increased estimated was used for 2018, 2019, and 2020.

EXHIBIT 3



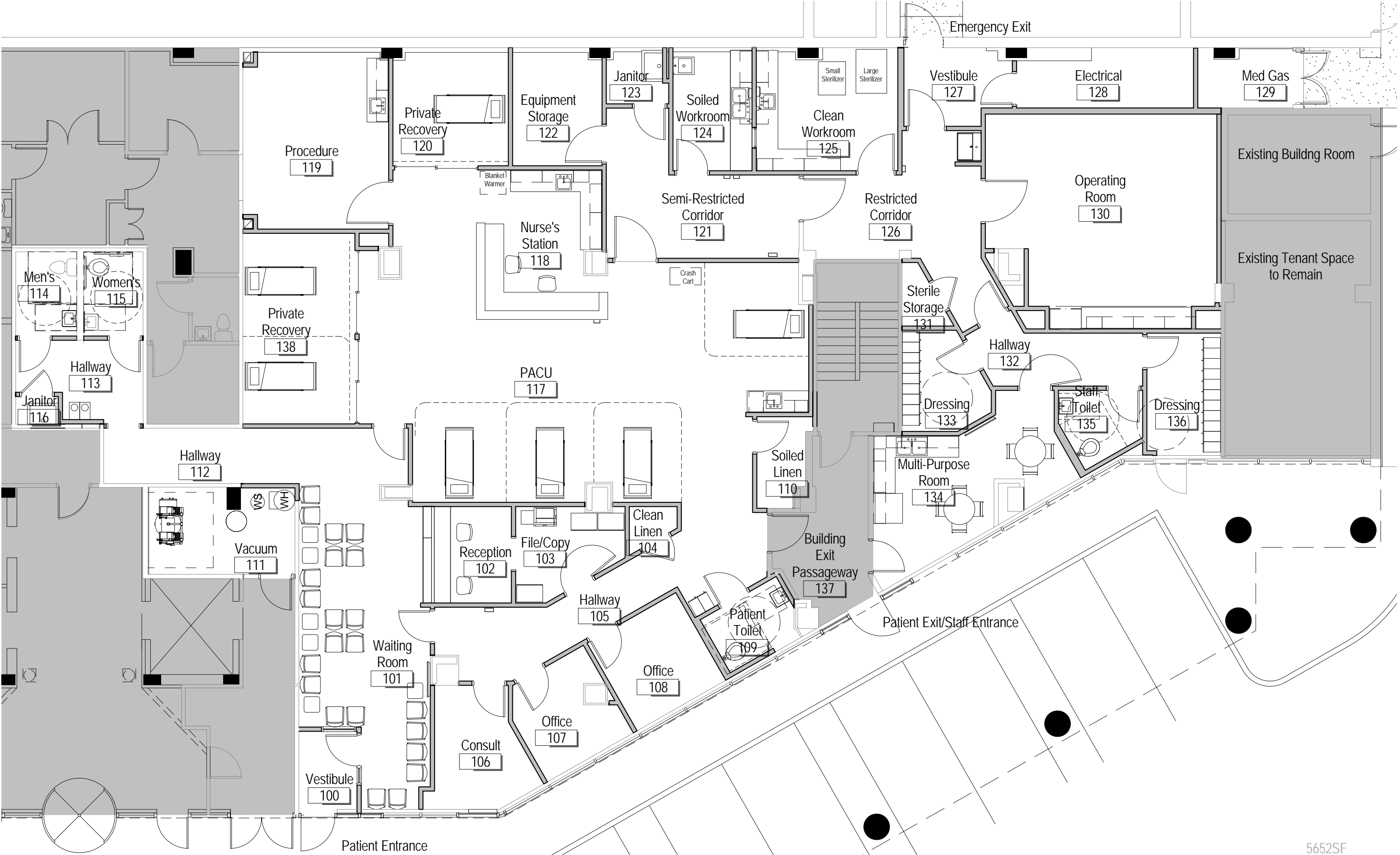


EXHIBIT 4

Ownership Interests in Bethesda Chevy Chase Surgery Center, LLC

Member		Address		Ownership Percentage in BCCSC
520-570 Green LLC ¹		7406 Honest Way	Bethesda, MD 20817	3.38%
Richard	Barth MD	5454 Wisconsin Ave Ste 1000	Chevy Chase, MD 20815	5.56%
Steven	Bernstein MD	3318 Shephard Street	Chevy Chase, MD 20815	4.83%
Edward	Bieber MD	10215 Fernwood Rd Ste 506	Bethesda, MD 20817	4.83%
Christopher	Cannova MD	5025 Tilden St	Washington DC 20016	1.45%
Marc	Connell MD	5454 Wisconsin Ave Ste 1000	Chevy Chase, MD 20815	4.11%
Craig R.	Faulks MD	1619 Maddux Lane	McLean, VA 22101	1.93%
Richard	Grossman MD	5454 Wisconsin Ave Ste 1000	Chevy Chase, MD 20815	4.11%
Mustafa	Haque MD	6406 Maiden Lane	Bethesda, MD 20817	6.28%
John	Klimkiewicz MD	10807 Tradewind Drive	Oakton, VA 22124	2.42%
David	Lutton MD	3650 South Glebe Road, Unit 256	Arlington, VA 22202	2.42%
Edward	Magur MD	5454 Wisconsin Ave Ste 1000	Chevy Chase, MD 20815	4.83%
David	Moss MD	5454 Wisconsin Ave Ste 1000	Chevy Chase, MD 20815	5.31%
Alexandros	Powers MD	8521 Country Club Dr	Bethesda, MD 20817	5.80%
Jonas	Rudzki MD	5454 Wisconsin Ave Ste 1000	Chevy Chase, MD 20815	4.35%
John K.	Starr, MD	3501 Macomb Street NW	Washington DC 20016	0.97%
Anthony	Unger MD	5454 Wisconsin Ave Ste 1000	Chevy Chase, MD 20815	3.62%
Surgical Center Development #3 LLC ²		PO Box 1708	Pismo Beach, CA 93448	33.82%
Total:				100.00%

¹ 520-570 Green, LLC is owned by Wayne Olan, MD.

² Surgical Center Development #3, LLC's ownership in BCCSC is held, directly or indirectly, by Dr. Gregory George, Sean O'Neal, Dr. Steve Hammerstrom, Dr. William Gueck, Christine Merryman, Dr. Kell Yang, and Peter Roisman, none of whom are practicing physicians.

EXHIBIT 5

LEASE AGREEMENT

By and Between

Bradley Arlington, LLC

and

Bethesda Chevy Chase Surgery Center LLC

at

6931 Arlington Road

July 15, 2010

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 Exhibit B, [Intentionally Omitted]
 Exhibit C, [Intentionally Omitted]
 Exhibit D [Intentionally Omitted]
 Exhibit E, Certificate of Acceptance
 Exhibit F, Tenant's Approved Equipment (To Be Attached By Tenant)
 Exhibit G, General Rules and Regulations
 Exhibit H, Rules and Regulations for Tenant Alterations
 Exhibit I, Monthly Parking Garage Facilities Rules and Regulations
 Exhibit J, Form of Letter of Credit
 Addendum

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made this 15th day of July, 2010 by and between **BRADLEY ARLINGTON, LLC**, a Maryland limited liability company ("Landlord"), and **BETHESDA CHEVY CHASE SURGERY CENTER LLC**, a Maryland limited liability company ("Tenant").

WHEREAS, Landlord is the fee simple owner of certain real property known as 6931 Arlington Road, Bethesda, Maryland, 20814 containing approximately One Hundred Four Thousand Seven Hundred Fifteen (104,715) square feet of rentable space (the "Building") together with the structured parking garage and approximately 2.52 acres of land (hereinafter collectively be referred to as the "Property").

WHEREAS, Tenant desires to lease space in the Building from Landlord, and Landlord is willing to rent space in the Building to Tenant, upon the terms, conditions, covenants and agreements set forth herein.

NOW, THEREFORE, the parties hereto, intending legally to be bound, hereby covenant and agree as set forth below.

1. **THE PREMISES.**

(a) **Premises.**

(i) Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and upon the terms, conditions, covenants and agreements hereinafter provided, that certain premises located on the first floor of the Building containing approximately Six Thousand Ninety (6,090) rentable square feet of space known as Suite E (the "Premises"), see **Exhibit A, Demising Plan** attached hereto and made a part hereof.

(ii) Except as expressly provided in Section 1(b) below, Tenant is leasing the Premises in its "as is, where is" condition, and Landlord will not make, and is under no obligation to make, any further structural or other alterations, decorations, additions or improvements in or to the Premises during the Term hereof.

(iii) Tenant shall comply, at its expense, with all legal requirements pertaining to the interior portions of the Premises (except as set forth above).

(b) **Delivery Condition; Tenant's Work.** Landlord shall deliver the Premises to Tenant on the Commencement Date in shell condition (defined hereinafter). As used herein, the term "shell condition" shall mean (A) free of any furniture, fixtures or equipment, (B) all partition walls and ceiling within the existing demising walls of the Premises demolished, (C) all existing floor coverings in the Premises removed, (D) the existing counter in store front removed and store front refurbished, restored and in good condition, (E) non-usable HVAC units removed, and (F) existing two inch (2") water line serving Premises (collectively, the "Delivery Condition"). Landlord, at Landlord's expense but subject to Tenant's Contribution (defined hereinafter), shall take such actions as necessary in order to deliver the Premises to Tenant in the Delivery Condition using Building standard materials and reusing existing material if reasonable, with the understanding that some of the conditions listed above already exist in the Premises. At the time Tenant executes this Lease, Tenant shall pay to Landlord Twenty-Five Thousand Dollars (\$25,000.00) ("Tenant's Contribution") to be applied to the cost of converting the Premises to the Delivery Condition. Landlord shall construct the common area hallway and new fire door per fire code. As part of Tenant's initial tenant improvements for the Premises, Tenant, at Tenant's sole cost and expense, shall have the right, subject to all applicable laws and subject to the other terms and conditions of the Lease as well as obtaining Landlord's prior written approval, and so long as the same does not interfere any other tenant's use and occupancy of its premises, to increase the electrical service for the Premises. Landlord hereby approves CMSI as Tenant's general contractor to perform the initial tenant improvements for the Premises, subject to all of the other terms and conditions of this Lease.

(c) **Appurtenant Rights.** Tenant shall have the right to use, in common with others entitled thereto, the driveways and walkways providing access to the Building and the parking areas on the Property and such other

exterior common areas and facilities as Landlord may provide or designate from time to time solely for their intended purposes. Tenant shall also have the right to use the elevators, stairways, lobbies and hallways providing access to the Premises, the heating, ventilating, air-conditioning, plumbing, electrical and other mechanical systems and equipment serving the Premises in common with other portions of the Building, and such other interior and exterior common areas and facilities as Landlord may provide or designate from time to time, including, but not limited to, the loading areas, roof and rear HVAC condenser area which use shall be in common with others entitled thereto.

(d) **Parking.** Tenant shall, subject to the rules and regulations established from time to time by Landlord in accordance with **Section 15** and **Exhibit G, General Rules and Regulations** and **Exhibit I, Monthly Parking Garage Facilities Rules and Regulations** of this Lease, use the parking areas on the Property in common with other tenants of the Building. Tenant shall be allocated up to three (3) unreserved parking spaces in the structured parking garage per one thousand (1000) square feet leased ("Tenant's Parking Allocation") throughout the Term of the Lease at the prevailing market rate (the "Parking Rent"). The current monthly rate is ninety-five dollars (\$95.00) per space. All Parking Rent shall be paid as additional rent to Landlord, without demand and without deduction, set-off or counterclaim, except as set forth in this Lease, on the first day of every month during the Term of this Lease. If Landlord shall at any time or times accept Rent after it shall become due and payable, such acceptance shall not excuse a delay upon subsequent occasions, or constitute, or be construed as, a waiver of any or all of Landlord's rights hereunder. Notwithstanding anything to the contrary contained herein, surface parking and the first two (2) levels of the parking garage shall be available in common with all other users for use by Tenant's guests and the first hour of any such parking by Tenant's guests on any given day shall be complimentary and following the first hour, Tenant's guest shall pay the charges charged by the garage manager for off the street parking then in effect. Furthermore, five (5) of the parking spaces allocated to Tenant as Tenant's Parking Allocation shall be for reserved spaces (located on the ground floor of the parking garage in a location determined by Landlord), the Parking Rent for such spaces shall be the prevailing market rent in effect from time to time for reserved parking spaces. The current monthly rate for reserved spaces is one hundred seventy-five dollars (\$175.00) per space.

(e) **Loading Dock.** Tenant shall, subject to the rules and regulations established from time to time by Landlord in accordance with **Section 15** hereof, be entitled to use the Building's loading dock area in common with other tenants in the Building.

2. **TERM.**

(a) **Dates.** The term of this Lease shall commence August 1, 2010 (herein referred to as the "Commencement Date"), subject to adjustment as provided hereinafter. Tenant shall accept the Premises in its condition as of the Commencement Date. The term of the Lease shall commence on the Commencement Date and shall be for a period of one hundred twenty (120) full calendar months following the Rent Commencement Date (defined hereinafter) and shall expire as of January 31, 2021 (the "Expiration Date"). The period extending from the Commencement Date to the Expiration Date shall hereinafter be referred to as the "Term". For purposes of this Lease, the "Rent Commencement Date" shall be February 1, 2011. Notwithstanding the foregoing, provided Landlord receives the executed Lease from Tenant no later than July 16, 2010, if Landlord is unable to deliver the Premises to Tenant in Delivery Condition by August 1, 2010 and the Commencement Date is delayed, unless such delay is caused by Tenant, the Rent Commencement Date shall be extended by one (1) day for every calendar day beyond August 1, 2010 until Landlord delivers the Premises to Tenant in Delivery Condition.

Notwithstanding the Commencement Date specified above, if for any reason Landlord cannot deliver possession of the Premises to Tenant on said date, including without limitation, in connection with the relocation of the existing tenant of the Premises or for any other reason, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder; provided, however, in such a case, the Commencement Date shall not occur and Tenant shall not be obligated to pay rent or perform any other obligation of Tenant under this Lease, except as may be otherwise provided in this Lease, until possession of the Premises is tendered to Tenant; provided, further, if the delivery of possession is delayed due to any act or omission of Tenant, then the Commencement Date shall be the date Landlord would have delivered possession but for Tenant's delay and Tenant's obligations hereunder shall commence as of such date.

Tenant agrees and acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises or the Property, and/or the suitability of

the Premises or the Property for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises or the Property are suitable for its Permitted Use.

See Addendum Paragraph 1

(b) **Certificate of Acceptance.** Each party agrees to execute and return to the other within ten (10) business days of receipt a statement acknowledging acceptance of delivery of possession of the Premises and setting forth the actual Lease Commencement Date, the expiration date of the term of the Lease and the date upon which the Tenant's obligation to pay Rent and other charges payable under the Lease shall begin. Said statement shall be similar to the form attached hereto as **Exhibit E, Certificate of Acceptance** and shall be made a part of the Lease. The term "*Lease Year*" shall mean each period of twelve (12) full consecutive months during the Initial Term hereof or any renewal term commencing on the Lease Commencement Date (as defined below).

3. RENT.

Tenant covenants and agrees to pay to Landlord without prior notice or demand therefor, and without any deductions or setoffs whatsoever, rent for the Premises in the following amounts (each of which shall be considered rent and all of which, together with any other payment deemed to be Additional Rent pursuant to this Lease, are collectively referred to herein as "Rent"):

(a) **Basic Rent.** Commencing as of the Rent Commencement Date and continuing throughout the Term, Tenant shall pay to Landlord Rent in equal monthly installments in advance ("Basic Rent") as follows:

<u>Lease Period</u>	<u>Rent Per Square Foot</u>	<u>Annual Basic Rent</u>	<u>Monthly Installment of Basic Rent</u>
02/01/11 – 1/31/12	\$36.00	\$219,240.00	\$18,270.00
02/01/12 – 1/31/13	\$37.08	\$225,817.20	\$18,818.10
02/01/13 – 1/31/14	\$38.19	\$232,577.10	\$19,381.43
02/01/14 – 1/31/15	\$39.34	\$239,580.60	\$19,965.05
02/01/15 – 1/31/16	\$40.52	\$246,766.80	\$20,563.90
02/01/16 – 1/31/17	\$41.74	\$254,196.60	\$21,183.05
02/01/17 – 1/31/18	\$42.99	\$261,809.10	\$21,817.43
02/01/18 – 1/31/19	\$44.28	\$269,665.20	\$22,472.10
02/01/19 – 1/31/20	\$45.61	\$277,764.90	\$23,147.08
02/01/20 – 1/31/21	\$46.98	\$286,108.20	\$23,842.35

See Addendum Paragraph 2

Commencing on the Rent Commencement Date, Tenant shall pay the monthly installments of Basic Rent in advance on the first day of each calendar month during the Term of this Lease to Bradley Arlington, LLC c/o Harvey Properties, 6931 Arlington Road, Suite 500, Bethesda, Maryland 20814, or to such other party or at such other address as Landlord may designate from time to time by written notice to Tenant. At the time Tenant executes this Lease it shall pay to Landlord the first monthly installment of Basic Rent as well as the first monthly installment of estimated Common Area Costs (defined hereinafter). Basic Rent for any period during the Term hereof which is for less than one month shall be prorated based upon the actual number of days of the calendar month involved.

To ensure timely payments and to reduce check processing, Landlord, at Landlord's option, may require Tenant to remit rental payments by electronic payment. Landlord's electronic payment information:

Bank Name:	Eagle Bank
Bank Address:	7815 Woodmont Avenue Bethesda, Maryland 20814

Account Name: Harvey Property Management Company, Inc.
Bank Routing Number: 055003298
Bank Account Number: 200026201

(b) **Common Area Costs.** Commencing on the Rent Commencement Date and thereafter throughout the Term of the Lease, Tenant shall pay to Landlord Tenant's proportionate share of all Common Area Costs for the Building Common Areas. All Common Area Costs for which Tenant is responsible shall be deemed to be additional rent and administered by Landlord using Generally Accepted Accounting Principles (GAAP) consistently applied.

(i) The "Common Areas" shall mean shared Building areas all of which to include but not be limited to (i) all parking areas, driveways and walkways on the Property providing access to the Building, all landscaped areas, all other exterior areas and common facilities provided or designated by Landlord from time to time for use in common by all tenants, (iii) all elevators, (iv) all loading docks, mechanical rooms, electrical rooms, and other interior areas that are not part of any tenant's premises in the Building and (v) the Base Building Systems (as hereinafter defined). The term "Base Building Systems" shall mean and refer to the structure of the Building, including its structural frame, roof, perimeter walls and windows, stairwells, loading docks, elevators and similar architectural components and all major components of the Building's heating, air-conditioning, ventilating, plumbing, electrical or other systems that service the Building. "Common Area Costs" for any calendar year shall be computed on the accrual basis and shall consist of all of the operating expenses incurred by Landlord to maintain the Common Areas in good condition and working order, and all expenses, costs and disbursements which Landlord shall pay or become obligated to pay because of, or in connection with, the operation of the Common Areas, including, but not limited to, the following items:

(a) Wages, salaries and fringe benefits of all employees, at the level of property manager or lower, devoting time to the operation, maintenance or security of the Common Areas (including any such employees who perform such duties for more than one property in which event the personnel costs shall be allocated between the work performed in connection with the Common Areas and the work performed in connection with other properties according to actual time spent), including employment taxes, insurance and benefits relating thereto, but expressly excluding any salaries, expenses, benefits or other costs associated with the property management company's or Landlord's principals and officers and other personnel not actually providing services for or at the Building;

(b) All supplies, materials and vehicles (the costs of which shall be amortized over the useful life thereof) used in the operation and maintenance of the Common Areas, and, if used in connection with other shall be allocated based upon the proportion of such use to the Building;

(c) Cost of all utilities (including surcharges) servicing the Premises and the Property, to include but not be limited to the cost of electricity, gas, water, sewer, power, heating, lighting, and ventilating;

(d) Cost of all maintenance and service agreements for the Common Areas (or allocable to the Common Areas) and the equipment therein, including, but not limited to HVAC, security system, utility and fire alarm maintenance, exterior window cleaning, landscaping maintenance, trash removal, periodic painting, exterminating, elevator or lift maintenance and snow removal;

(e) Cost of all insurance relating to the Building to reasonably be necessary by Landlord, in its sole and absolute discretion. Insurance coverage shall include insurance for tenant alterations and other tenant improvements, not any tenant's trade fixtures, removable property and personal property, including the cost of environmental insurance and the cost of casualty and liability insurance applicable to the Building and Landlord's personal property used in connection therewith;

(f) Cost of repairs to and general maintenance of the Common Areas;

(g) Property management fees at competitive market rates but in no event greater than 3% per annum,

(h) Cost of real estate taxes including special assessments, if any, and any other taxes now or hereafter imposed upon the Building or the Lease, which are in the nature of, or in substitution for, real estate taxes

levied on the Property; provided, however, Tenant shall have the right to request that Landlord contest or appeal any assessment during the Term provided Tenant reimburses Landlord for Tenant's Proportionate Share of the cost of any such contest or appeal as part of Common Area Costs;

(i) The costs of any additional services not provided to the Common Areas at the Lease Commencement Date, but thereafter generally provided by Landlord in the reasonable and prudent management of the Building in accordance with customary industry practice;

(j) The cost of any replacements of, and capital improvements to, the Common Areas or Base Building Systems, after the Lease Commencement Date, which reduce other operating expenses, but only to the extent the cost thereof charged to Tenant (together, with interest thereon, as herein below provided) during the term hereof is reasonably estimated by Landlord to be less than the operating expenses that would have been charged to Tenant without such expenditure during the term hereof, the cost thereof to be amortized over such reasonable period as Landlord shall determine (but not less than the useful life of such capital item), together with interest on the unamortized balance equal to the rate for U.S. Treasury Bills with a maturity date the same as the end of the amortization period for such capital items plus four hundred basis points.

Notwithstanding anything herein to the contrary, Common Area Costs shall not include any of the following:

(1) All costs and expenses incurred by Tenant or any other tenants of the Building and paid for or payable directly by Tenant or such other tenants either to third parties or to Landlord under agreements for direct payment or reimbursement for benefits or services;

(2) Leasing commission, attorneys' fees, costs, disbursements and other expenses incurred in connection with negotiations or disputes with, or leasing to, tenants or prospective tenants of the Building;

(3) Salaries and benefits paid to officers and executives of Landlord;

(4) The cost of any building additions;

(5) Any marketing costs and expenses incurred in connection with the marketing of the Building for lease or sale;

(6) Any expenses for repairs or maintenance that are recovered under warranties and service contracts;

(7) Legal expenses arising out of (i) the negotiation, preparation or termination of leases or other occupancy agreements, (ii) the interpretation of leases or other occupancy agreements, (iii) the enforcement of the provisions of any lease or other occupancy agreement affecting the Land or Building without limitation this Lease, (iv) any action against a present or former tenant or occupant under a lease or other occupancy agreement, including, without limitation, eviction, distraint, levy and collection actions;

(8) Costs incurred as a result of the violation by Landlord or any tenant of the terms and conditions of other leases;

(9) Cost of any item paid to any entity or person related to or affiliated with Landlord to the extent such cost exceeds the amount payable for such services at then existing market rates to unrelated persons or entities;

(10) Any cost incurred in connection with the investigation or remediation of any Hazardous Material stored, used or released at or about the Building, and any cost incurred in connection with any governmental investigation, order, proceeding or report with respect thereto for which Tenant is not responsible;

(11) Costs and expenses incurred by Landlord associated with the operation of the business of the legal entity or entities which constitute Landlord (as opposed to operation of the Building), including without limitation, sale and financing matters, legal entity accounting, income taxation matters and disputes with employees or persons who own an interest in Landlord;

(12) Wages, salaries or other compensation and benefits of any offsite employees of Landlord or its managing agent, that are not providing services to the Property;

(13) Any other costs or expenses for which Landlord actually receives reimbursement from any source, including without limitation, insurance, condemnation awards, warranties or tenants;

(14) Reserves for repairs, maintenance and replacements;

(15) Amounts paid to any partners, trustee, shareholder, officer or director or Landlord for salary or other compensation;

(16) Cost of utilities and any other special services billed directly to and paid for by other tenants in the Building;

(17) Cost of renovating or otherwise improving space for new tenants or in renovating space vacated by any tenant or any other work which Landlord performs for any tenant;

(18) Interest or penalties arising by reason of Landlord's failure to timely pay any Common Area Costs.

(ii) Tenant's Proportionate Share of any variable Common Area Cost component shall be adjusted from time to time to reflect any material changes in Tenant's allocable share of such items, as determined by Landlord, in Landlord's reasonable judgment, taking into consideration all relevant factors, including, but not limited to, the occupancy level of the Building, Tenant's use of the Premises and the Building as compared with other tenants of the Building, Tenant's use of the Base Building Systems (as compared with other tenants), savings achieved as a result of recycling programs and the insurable value of all Alterations and other tenant improvements to the Premises for which Landlord is obtaining insurance, it being agreed that Landlord shall be required to decrease Tenant's Proportionate Share where appropriate in accordance with this Section and further shall, upon the reasonable request of Tenant from time to time, provide all information relevant to such adjustment and/or failure to make any adjustment.

(iii) To the extent any Common Area Costs vary with the level of occupancy of the Building, such Common Area Costs may be adjusted from time to time by grossing-up such items of costs to reflect the cost of operating the Building at a level that is fully leased and occupied for an entire calendar year; provided, however, in no event shall a gross-up of Common Area Costs result in Tenant's actual cost exceeding what Tenant's cost would have been if the Building were fully leased and occupied. In no event shall Landlord gross up Common Area Costs for real estate taxes.

(iv) For each calendar year (or portion of a calendar year) during the Term of the Lease commencing with the Commencement Date, Landlord shall provide Tenant with a good faith projection of the Common Area Costs for such calendar year. Tenant shall thereafter pay monthly (in addition to its payments of Basic Rent for such year) an amount equal to one-twelfth (or the average monthly amount for any projection which covers only a portion of a calendar year) of the aggregate payments provided for in such projection. As of the date hereof, and subject to adjustment and reconciliation as provided in this **Section 3(b)**, Tenant's estimated monthly installment of Common Area Costs shall be Two Thousand One Hundred Thirty-Six and 75/100 Dollars (\$2,136.75) per month.

(v) Landlord shall, within a period of one hundred fifty (150) days after the close of each calendar year or as soon thereafter as possible, provide Tenant with a statement showing the Common Area Costs along with a calculation of Tenant's Proportionate Share. If such statement shows that the aggregate amount of Tenant's monthly payments made, pursuant to **Section 3(b)** hereof was less than Tenant's Proportionate Share of the Common Area Costs, Tenant shall pay Landlord the difference, within thirty (30) days of such statement. If such statement shows that the aggregate amount of Tenant's monthly payments made pursuant to **Section 3(b)** hereof was in excess of Tenant's

Proportionate Share of the Common Area Costs, such excess amount shall be credited against subsequent payments of Rent due under this Lease. In the event that the lease has expired, Landlord shall pay the any excess payments in cash to Tenant within thirty (30) days of such statement.

(vi) Should this Lease commence or terminate at any time other than the first day of a calendar year, the Common Area Costs shall be determined for the portion of the calendar year within the Term by computing Common Area Costs for the entire calendar year and charging Tenant for its proportionate share thereof based on the number of days within the Term during such calendar Year.

(vii) Tenant, at its expense, shall have the right, during regular business hours and upon reasonable notice, to audit Landlord's books and records relating to the Common Area Costs; provided, however, that such audit occurs within ninety (90) days of Landlord's delivery to Tenant of the annual statement pursuant to **Section 3(b)(v)** hereof and providing the person conducting the audit is a Certified Public Accountant ("CPA") and is not compensated on a contingency basis. The audit shall take place at the offices of Landlord where its books and records are located at a mutually convenient time during Landlord's regular business hours. Before conducting any audit, Tenant must pay the full amount of Common Area Costs billed. Tenant shall have no right to conduct an audit or to give Landlord notice that it desires to conduct an audit at any time Tenant is in default under the Lease. If Tenant gives Landlord notice of its intention to audit Common Area Costs, it must commence such audit within sixty (60) days after such notice is delivered to Landlord, and the audit must be completed within one hundred twenty (120) days after such notice is delivered to Landlord. If Tenant does not provide notice within the sixty (60) day period referenced above, or commence and complete the audit within such sixty (60) day and one hundred twenty (120) day periods, the statement which Tenant elected to audit shall be deemed final and binding upon Tenant and shall, as between the parties, be conclusively deemed correct. If the parties do not agree upon the inclusion or amount of any Common Area Cost charged by Landlord following the completion of Tenant's audit, the sole remedy of Tenant shall be to submit the matter to arbitration (in accordance with the rules of the American Arbitration Association) within thirty (30) days after completion of the audit to request an adjustment to any disputed Common Area Cost item. In no event will this Lease be terminable nor shall Landlord be liable for damages based upon any disagreement regarding an adjustment of Common Area Costs. Tenant agrees that the results of any Common Area Costs audit shall be kept strictly confidential by Tenant and shall not be disclosed to any other person or entity.

(viii) Tenant's obligation and Landlord's refund obligation described under **Section 3(b)(v)** herein, shall survive any termination by lapse of time or otherwise.

(c) **Tenant Proportionate Shares.** For the purposes of this Lease, Tenant's proportionate share of Common Area Costs shall be the ratio of the rentable area of the Premises (6,090 rentable square feet) to the total rentable area of the Property which consists of 104,715 rentable square feet. Accordingly, Tenant's proportionate share of the shall be five and 41/100 percent (5.82%) (hereinafter referred to as "Tenant's Proportionate Share").

(d) **Demand; Time.** Each of the foregoing amounts of Rent shall be paid to Landlord, without demand and without deduction, set-off or counterclaim, except as set forth in this Lease, on the first day of every month during the Term of this Lease. If Landlord shall at any time or times accept Rent after it shall become due and payable, such acceptance shall not excuse a delay upon subsequent occasions, or constitute, or be construed as, a waiver of any or all of Landlord's rights hereunder.

4. **SECURITY DEPOSIT.**

(a) Tenant shall deposit with Landlord upon delivery of executed copy of this lease to Landlord the first month's rent in due accordance with **Section 3** and security (the "Security Deposit") in the amount of Twenty Thousand Four Hundred Six and 75/100 Dollars (\$20,406.75) for the performance of all obligations in the amount set forth in the Basic Lease Provisions, which security, at Tenant's option, may deposited with Landlord (i) in cash to be held by Landlord in accordance with this Section 4, or (ii) in the form of an irrevocable and unconditional letter of credit subject to the terms and conditions of Paragraph 3 of the Addendum. The Security Deposit shall be held by Landlord as security for the performance of Tenant's obligations under this Lease. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon each occurrence of a Default (as defined in Section 20), Landlord may use all or any part of the Security Deposit to pay delinquent payments

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease under seal on this day and year first hereinabove written.

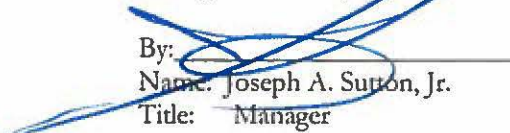
WITNESS:



LANDLORD:

BRADLEY ARLINGTON, LLC

By: SPI Asset Management, LLC,
Manager of Bradley Arlington Managers LLC,
Manager of Bradley Arlington Owners LLC,
Manager of Bradley Arlington, LLC

By: 
Name: Joseph A. Sutton, Jr.
Title: Manager

WITNESS:



TENANT:

BETHESDA CHEVY CHASE SURGERY CENTER LLC

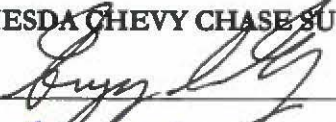
By: 
Name: Gregory George, MD PhD
Title: Member, Manager

EXHIBIT A

Demising Plan
(for demising purposes only)

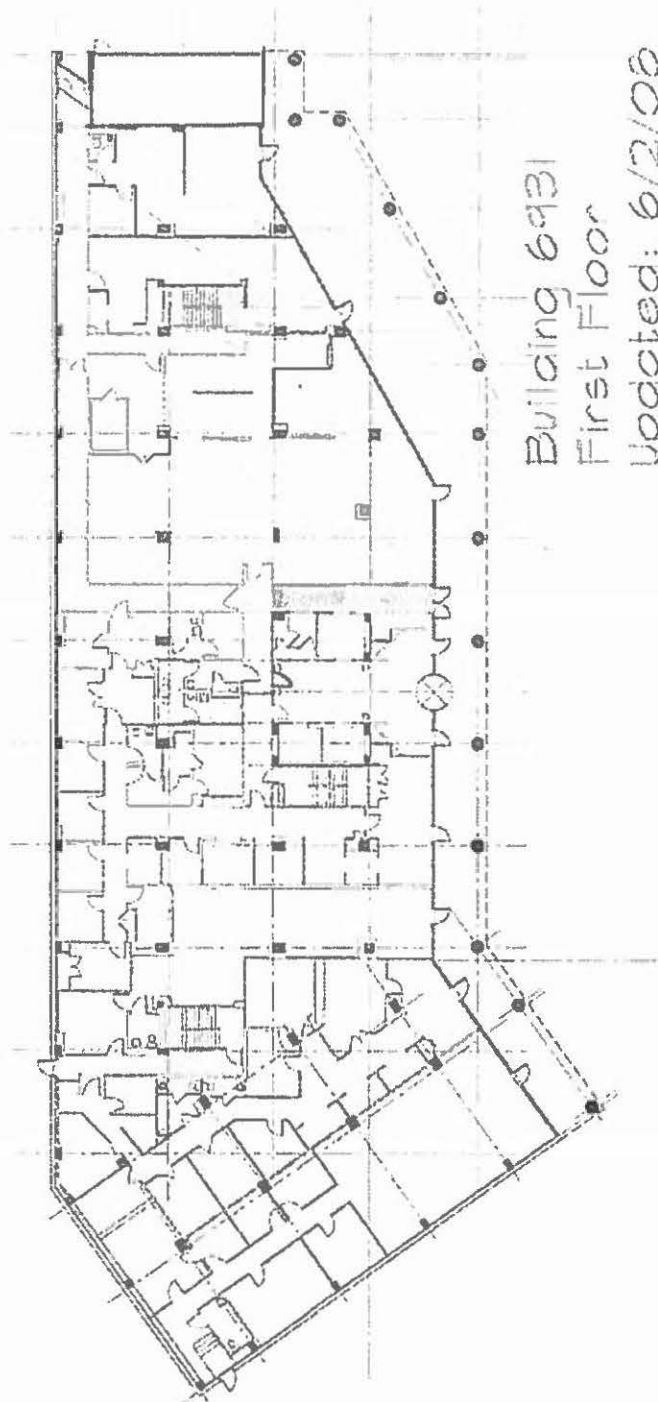


EXHIBIT E

Certificate of Acceptance

TENANT: BETHESDA CHEVY CHASE SURGERY CENTER LLC

LEASED PREMISES: Suite E, 6,090 rentable square feet at 6931 Arlington Road, Bethesda, Maryland

This letter is to certify that:

1. Tenant has accepted the above referenced Premises.
2. The Premises can now be used for its intended purpose.
3. The Lease Commencement Date is December 1, 2010.
4. The Lease Expiration Date is May 31, 2021.
5. The Rent Commencement Date is June 1, 2011.

Executed this 1 day of Dec, 2010

WITNESS:

By: [Signature]
Print: Devy Bethany Cullen JD

WITNESS:

By: [Signature]
Print: Greg Fenn

TENANT:

BETHESDA CHEVY CHASE SURGERY CENTER LLC

By: [Signature]
Name: William Guek Mos
Title: authorized manager

LANDLORD:

BRADLEY ARLINGTON, LLC

By: SPI Asset Management, LLC,
Manager of Bradley Arlington Managers LLC,
Manager of Bradley Arlington Owners LLC,
Manager of Bradley Arlington, LLC

By: [Signature]
Name: Joseph A. Sutton, Jr.
Title: Manager

FIRST AMENDMENT TO LEASE AGREEMENT

This FIRST AMENDMENT TO LEASE AGREEMENT (the "Amendment") is made this 17th day of May 2017 by and between **BRADLEY ARLINGTON, LLC**, a Maryland limited liability company ("Landlord"), and **BETHESDA CHEVY CHASE SURGERY CENTER, LLC**, a Maryland limited liability company ("Tenant").

WITNESSETH

WHEREAS, Landlord is the fee owner of the building known as Bradley Arlington located at 6931 Arlington Road in Bethesda, Maryland 20814 (the "**Building**") and Bethesda Chevy Chase Surgery Center, LLC (as successor-in-interest to Salon Venture, LLC) is the Tenant of certain leased premises known as Suite D (the "**Assigned Premises**") containing Three Thousand Twenty-Seven (3,027) rentable square feet of commercial space within the Building by virtue of the Lease Agreement dated March 12, 2014 as assigned to and assumed by Tenant pursuant to an Assignment of Lease dated May __, 2017 (the "**Suite D Lease**");

WHEREAS, Tenant is also the tenant of certain leased premises known as Suite E (the "**Original Premises**"), containing approximately Six Thousand Ninety (6,090) rentable square feet of commercial space within the Building by virtue of the Lease Agreement dated July 15, 2010 (the "**Suite E Lease**"), and certain leased premises known as Suite 309 (the "**Storage Premises**"), containing approximately Five Hundred Four (504) rentable square feet of commercial space within the Building by virtue of the First Amendment to Lease Agreement dated March 13, 2017 (the "**Suite 309 Lease Amendment**");

WHEREAS, the Assigned Premises and the Original Premises are located adjacent to and contiguous with each other, and Tenant desires to expand its existing operations in the Original Premises into the Assigned Premises;

WHEREAS, the Suite E Lease for the Original Premises is scheduled to expire on May 31, 2021;

WHEREAS, the Suite D Lease for the Assigned Premises is scheduled to expire on March 31, 2019;
and

WHEREAS, Landlord and Tenant wish to amend the Suite D Lease to provide for certain extension options, to permit the expansion of Tenant's operations into the Assigned Premises and to address certain other matters relating thereto.

NOW THEREFORE, in consideration of the mutual covenants contained herein and in the Suite D Lease, the parties hereto agree that the Lease shall be amended as follows:

1. **Recitals; Defined Terms:** The foregoing Recitals are hereby incorporated by this reference and made a part hereof. Any capitalized terms not otherwise defined herein shall have the meanings set forth in the Suite D Lease.
2. **Renewal Options:** Section 1 of the Addendum to the Suite D Lease is deleted in its entirety and replaced with the following:

"1. **Renewal Options.** So long as this Lease is in full force and effect and Tenant has not been in default of the Lease beyond applicable cure periods at the time of Tenant's notice exercising the Renewal Option (defined hereinafter) or at the commencement date of the Extension Term (defined hereinafter), Tenant shall have the right to extend the Lease (each, a "**Renewal Option**") for one (1) additional period of twenty-six (26) months followed by two (2) additional consecutive periods of five (5) years each (each, an "**Extension Term**"). Each Extension Term shall be under the same terms, covenants and

conditions as set forth within the Lease, except that (a) during the first Extension Term, Basic Rent on a per square foot basis for the Assigned Premises shall equal the per square foot amount of Basic Rent for the Original Premises during the same time periods, and (b) during the second and third Extension Terms, Basic Rent for the Assigned Premises shall be determined in the same manner basic rent for the Original Premises is determined for the corresponding extension terms for the Suite E Lease as set forth in Section 1 of the Addendum to the Suite E Lease. In the event Tenant shall wish to exercise an applicable Renewal Option, it shall give written notice of such exercise to Landlord not less than six (6) months and no earlier than twelve (12) months prior to the expiration of the then-current Term. If Tenant shall fail to exercise the Renewal Option as provided herein, the Renewal Option granted hereunder shall expire."

3. **Basic Rent:** Effective June 1, 2017, Section 3(a) of the Suite D Lease is amended to provide the following Basic Rent amounts:

<u>Lease Period</u>	<u>Rent Per Square Foot</u>	<u>Annualized Basic Rent</u>	<u>Monthly Installment of Basic Rent</u>
6/1/17 – 5/31/18	\$42.99	\$130,130.73	\$10,844.23
6/1/18 – 3/31/19	\$44.28	\$134,035.56	\$11,169.63

4. **Rent Abatement:** Notwithstanding Section 3 of this Amendment to the contrary, Landlord agrees to abate the Basic Rent due for the period of June 1, 2017 through November 30, 2017.
5. **Use:** The first sentence of Section 5(a)(i) of the Suite D Lease is deleted in its entirety and replaced with the following:
- "Tenant will use and occupy the Premises solely for the operation of an ambulatory surgical and treatment center and medical, general and administrative office purposes consistent with a first-class ambulatory surgical and treatment practice."
6. **Connection of Premises:** The Tenant shall be permitted to internally combine the Original Premises and the Assigned Premises for use as one cohesive unit and for the expansion of its existing operations.
7. **Storage Premises:** Nothing set forth in this Amendment shall affect Tenant's termination rights with respect to the Storage Premises as set forth in the Suite 309 Lease Amendment.
8. **Ratification of Lease:** All other terms of the Suite D Lease, except as expressly modified by this Amendment, are hereby ratified and affirmed.
9. **Authority:** Landlord and Tenant represent and warrant to each other that the person signing this Amendment on its behalf has the requisite authority and power to execute this Amendment and to thereby bind the party on whose behalf it is being signed.

Remainder of Page Intentionally Left Blank; Signature Page Follows.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.

WITNESS:

LANDLORD:

BRADLEY ARLINGTON LLC

By: Bradley Arlington 2012 LLC,
a Delaware limited liability company, its Manager

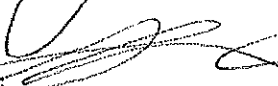
By: Bradley Arlington Owners LLC,
a Maryland limited liability company, its Sole Member

By: Bradley Arlington Managers LLC,
a Maryland limited liability company, its Manager

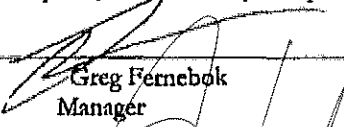
By: Scheer & Sutton Holdings, LLC,
a Maryland limited liability company, its Sole Member

By: 

Print: _____

By: 

Print: Sarah Arman

By: 

Greg Fernebok
Manager

By: 

Robert Scheer
Manager

WITNESS:

TENANT:

BETHESDA CHEVY CHASE SURGERY CENTER, LLC



By: 

Name: Steven Bernstein, MD

Its: Board of Manager - COO

EXHIBIT 6

CHARGE MASTER

**BEING PROVIDED ON
ATTACHED THUMB DRIVE**

EXHIBIT 7

BETHESDA CHEVY CHASE SURGERY CENTER, LLC.

MANUAL:	Policy & Procedure	Effective Date:	2/18/2011
SECTION:	General Administrative	Reviewed Date:	5/30/2017
POLICY:	Charity Care	Revised Date:	6/1/2017

PURPOSE: To define facility policy related to provision of Charity Care at the facility.

POLICY: Bethesda Chevy Chase Surgery Center (BCCSC) will provide services free or at a reduced fee to all patients who meet criteria. Each applicant for financial assistance or reduced fee arrangements must meet criteria as set by BCCSC. BCCSC financial aid is not a substitute for employer-sponsored, public or individually purchased insurance. BCCSC will make an effort to provide Financial Assistance application, policies, procedures, and information available in English, Spanish, and/or any other language that will be understandable to target populations of patients utilizing BCCSC services.

PROCEDURE:

1. Notice of the availability of charity care shall be published in local news media on an annual basis. Notice will also be posted in the Admissions Office and Business Office.
2. Individual notice of the availability of charity care, the potential for Medicaid eligibility and the availability of assistance from other government funded programs shall be provided to each person who seeks services in BCCSC at the time of admission.
3. Request for charity or reduced fee arrangements must be made prior to service being rendered.
4. BCCSC will require proof of income and verification of number of dependents based upon the previous year's tax return. If this is not available the last two months' paycheck stubs will be accepted. Dependents must meet IRS definition of dependents to qualify as household members.
5. The patient must show proof that Medical Assistance has been applied for and rejected. If the rejection is for non-compliance with all Medical Assistance paperwork requirements then reduced fee or charity will not be granted.
6. BCCSC will then review the applicant for the following:
 - Do the patient's household size and income meet the Federal Government Poverty guidelines of 150% or less? These guidelines may be found on the web site for the US Department of Health and Human Services - <http://aspe.hhs.gov/poverty/>. If yes, then charity will be given and the patient will not be responsible for payment on services rendered.

- If the household size and income are between 151% and 200% of the Federal Government Poverty guidelines, the patient will be responsible for 50% of the patient responsibility after insurance payments. Extended payment plans are available.

Determination of probable eligibility for financial assistance will be made within two business days.

EXHIBIT 8



**STATE OF MARYLAND
DEPARTMENT OF HEALTH AND MENTAL HYGIENE
OFFICE OF HEALTH CARE QUALITY**

**SPRING GROVE CENTER
BLAND BRYANT BUILDING
55 WADE AVENUE
CATONSVILLE, MARYLAND 21228**

License No. A1514

Issued to: Bethesda Chevy Chase Surgery Center
6931 Arlington Road, Suite E
Bethesda, MD 20814

Type of Facility or Community Program: **AMBULATORY SURGICAL CENTER**

Date Issued: April 25, 2016

SPECIALTIES: Orthopedic, Pain Management & Spine

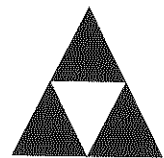
Authority to operate in this State is granted to the above entity pursuant to The Health-General Article, Title 19, Annotated Code of Maryland, including all applicable rules and regulations promulgated there under. This document is not transferable.

Expiration Date: April 25, 2019

Patricia Tomsko May MD

Director

Falsification of a license shall subject the perpetrator to criminal prosecution and the imposition of civil fines.



ACCREDITATION
ASSOCIATION

for AMBULATORY HEALTH CARE, INC.

grants this

CERTIFICATE OF ACCREDITATION

to

BETHESDA CHEVY CHASE SURGERY CENTER, LLC

6931 ARLINGTON RD, SUITE E
BETHESDA, MD 20814

*In recognition of its commitment to high quality of care and substantial compliance
with the Accreditation Association for Ambulatory Health Care standards for ambulatory health care organizations.*

Organization Identification Number

94267

FRANK J. CHAPMAN, MBA

Chair of the Board



The Award of Accreditation Expires on:

AUGUST 3, 2018

Stephen A. Martin, Jr., Ph.D., M.P.H.

President and CEO

ASSOCIATION MEMBERS

American Academy of Cosmetic Surgery · American Academy of Dental Group Practice · American Academy of Dermatology ·
American Academy of Facial Plastic and Reconstructive Surgery · American Association of Oral and Maxillofacial Surgeons ·
American College of Gastroenterology · American College of Health Association · American College of Mohs Surgery ·
American Congress of Obstetricians and Gynecologists · American Dental Association · American Gastroenterology Association ·
American Society of Anesthesiologists · American Society for Dermatologic Surgery · American Society for Gastrointestinal Endoscopy ·
ASCA Foundation · Association of periOperative Registered Nurses · Society for Ambulatory Anesthesia



5250 OLD ORCHARD ROAD, SUITE 200 • SKOKIE, IL 60077
PHONE: 847/853.6060 • E-MAIL: INFO@AAAHC.ORG • WEB SITE: WWW.AAAHC.ORG

EXHIBIT 9

Strategic Planning and Market Research
901 South Bond Street
Suite 520
Baltimore, Maryland 21231



January 5, 2011

Bethesda Chevy Chase Surgery Center, LL
Attention: Heather Abelman, RNFA, BSBA
Administrator
6931 Arlington Road
First Floor
Bethesda, Maryland 20814

RE: Patient Transfer Agreement Between Bethesda Chevy Chase Surgery Center, LLC and Suburban Hospital

Dear Ms. Abelman:

Enclosed please find a fully executed copy of the above reference agreement for your records.

Should you have any questions, I can be reached at 443.287.8588 or by e-mail: rburnet@jhmi.edu.

Sincerely,

A handwritten signature in black ink, appearing to read "Rhonice M.A. Burnett".

Rhonice M.A. Burnett
Director, Strategic Planning

**PATIENT TRANSFER AGREEMENT
BETWEEN
FACILITY: BETHESDA CHEVY CHASE SURGERY CENTER, LLC
AND
HOSPITAL: SUBURBAN HOSPITAL**

THIS AGREEMENT, made as of this ____ day of December, 2010 by and between SUBURBAN HOSPITAL (herein called "Hospital") and FACILITY: BETHESDA CHEVY CHASE SURGERY CENTER, LLC (herein called "Facility").

WHEREAS, Hospital and Facility desire, by means of this Agreement, to insure continuity of care and treatment appropriate to the needs of the patients, (hereinafter referred to as "patients") in the Hospital and the Facility, utilizing the knowledge and other resources of both facilities in a coordinated and cooperative manner to improve the health and care of patients.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That in consideration of the mutual advantages accruing to the parties hereto, Hospital and Facility hereby covenant and agree with each other as follows:

I. HOSPITAL AND FACILITY AGREE:

- A. To the timely transfer of patients between Facility and Hospital, as hereinafter provided, upon the recommendation of an attending physician who is a member of the medical staff of the Hospital that such transfer is medically appropriate; and further agree that such patient shall be admitted to Hospital as promptly as possible under the circumstances.
- B. That Facility shall send with each patient to Hospital at the time of transfer an abstract of pertinent medical and other information necessary to continue the patient's treatment without interruption and provide essential identifying information, including (to the extent available), but not necessarily limited to:
- Patient's name, address, telephone number, if known, and age and telephone number of the next of kin;
 - Patient's third party billing data;
 - History of the injury or treatment;
 - Condition on admission;
 - Vital signs pre-transfer and at the time of transfer;
 - Treatment provided to patient, including medications given and route of administration;
 - Laboratory and X-ray findings, including films (if available);
 - Fluids given, by type and volume;
 - Name, address, and phone number of physician referring patient;
 - Name of physician to whom patient is to be transferred; and
 - Name of physician who has been contacted about patient.

- C. That Facility will supplement the information as necessary for the maintenance of the patient at Hospital. Both parties agree to maintain the confidentiality of the medical information so as to comply with all state and federal laws, rules and regulations regarding the confidentiality of patient records, including the Health Insurance Portability and Accountability Act ("HIPAA").
- D. That Facility shall have responsibility for obtaining the patient's consent to the transfer to Hospital prior to the transfer, if the patient is competent. If the patient is not competent, Facility shall attempt to obtain consent from any reasonably available legally responsible person acting on the behalf of the patient.
- E. That Facility shall have the responsibility for arranging transportation of the patient to Hospital. Hospital's responsibility for the patient's care shall begin when the patient arrives at Hospital.
- F. That Facility shall arrange for appropriate and safe handling of patients' valuables.
- G. That clinical records of a patient transferred shall contain evidence that the patient was transferred.
- H. That the transfer procedure is made known to the patient care personnel of each of the parties.
- I. That neither party shall use the name of the other in any promotional or advertising material without the prior written approval of the other party.
- J. That governing bodies of each institution shall have exclusive control of their policies, management, assets and affairs of their respective institutions.
- K. That neither party assumes liability for any debts or other obligations for the other party's action.

II. EACH PARTY REPRESENTS AND WARRANTS UPON EXECUTION AND THROUGHOUT THE TERM OF THIS AGREEMENT THAT:

- A. Hospital is an acute care hospital licensed by the State of Maryland and Facility is a freestanding medical facility performing neurosurgery, orthopaedic surgery and pain management procedures in Montgomery County, Maryland;
- B. All medical professionals providing services to patients at its facility are licensed in their profession by the state in which it is located and credentialed by Hospital or Facility, as applicable, and that services provided to patients shall be within the scope of said medical professional's privileges;

- C. It shall perform the services required hereunder in accordance with: (i) all applicable federal, state, and local laws, rules and regulations; and all applicable standards of the Joint Commission on Accreditation of Healthcare Organizations and/or any other relevant accrediting organizations;
- D. It has, and shall maintain throughout the term of this Agreement, all appropriate federal and state licenses and certifications which are required in order to perform the services required hereunder; and
- E. Neither it nor any of its staff is sanctioned or excluded from any federally funded health care programs as provided in Sections 1128 and 1128A of the Social Security Act (42 U.S.C. 1320a-7a).

III. BILLING:

Bills incurred with respect to services performed by Hospital or Facility for patient care shall be collected by the institution rendering such services directly from the patient, third party insurance coverage, or other sources normally billed by the institution. No clause of this Agreement shall be interpreted to require Hospital or Facility to compensate the other for services rendered to a patient transferred under this Agreement.

IV. TERM:

- A. This Agreement shall be effective from March 1, 2011 and shall continue in effect indefinitely, except that either party may withdraw by giving sixty (60) days notice period. However, if either party shall breach any of the representations and warranties set forth in Section II hereof, this Agreement shall terminate as of the date of such breach.

V. GENERAL:

- A. This Agreement may be modified or amended from time to time by mutual written agreement of the parties, and any such modification or amendment shall be attached to and become part of this Agreement.
- B. An executed copy of this Agreement with all amendments, if any, shall be kept in the administrative file of each of the parties for reference.
- C. Nothing in this Agreement shall be construed as limiting the rights of either party to affiliate or contract with any other hospital or facility, while this Agreement is in effect.
- D. This Agreement is subject to all requirements of Maryland law and any regulations issued pursuant hereto and that where the Agreement is in conflict with the provision

of the law or the regulations, the same shall be deemed to conform with the law and the regulations.

- E. All notices hereunder by either party to the other shall be in writing, delivered personally, by certified or registered mail, return receipt requested, or by Federal Express or Express Mail, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, addressed as follows:

If to Hospital:

Suburban Hospital
Attention: Brian Gragnolati
8600 Old Georgetown Road
Bethesda, Maryland 21814

With a copy to:

The Johns Hopkins Health System Corporation
Attention: General Counsel
733 N. Broadway
Suite 102
Baltimore, Maryland 21205

If to Facility:

Bethesda Chevy Chase Surgery Center, LLC
Attention: Heather Abelman, RNFA, BSBA
Administrator
6931 Arlington Road
First Floor
Bethesda, Maryland 20814

Or to such other persons as either party may from time to time designate by written notice to the other.

(PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, Suburban Hospital and Bethesda Surgery Center, LLC have executed this Agreement by their duly authorized representatives.

WITNESS:

HOSPITAL: SUBURBAN HOSPITAL

Maulon Shootwell

By: [Signature]
Name: Brian Gragnolati
Title: President
Date: 12-16-10

This Agreement has been reviewed for legal sufficiency by The Johns Hopkins Health System Corporation Legal Department.

Template approved via e-mail: Paula Grant, Esq.

WITNESS:

FACILITY: BETHESDA SURGERY CENTER, LLC

[Signature]

By: [Signature]
Name: Richard Barth, MD
Title: CEO
Date: 12/1/10

EXHIBIT 10

1 June 2017

Alicia Ahearn
Business Administrator
Bethesda Chevy Chase Surgery Center, LLC
6931 Arlington Rd. Suite E
Bethesda, MD 20814

RE: Bethesda Chevy Chase Surgery Center CON application

Dear Alicia,

I hereby certify that I am a licensed architect in the State of Maryland. To the best of my knowledge, information and belief, Bethesda Chevy Chase Surgery Center's proposed OR, Procedure room, additional recovery beds, and additional support spaces are designed in accordance with the applicable laws, codes and ordinances, including COMAR Title 10 Department of Health and Mental Hygiene, Subtitle 05 Freestanding Ambulatory Care Facilities, Chapter 05 Freestanding Ambulatory Care Facilities, the NFPA 101 Life Safety Code as required by Medicare, and the requirements of the FGI Guidelines for Design and Construction of Hospitals and Outpatient Facilities, 2014 edition.



Sincerely,

A handwritten signature in blue ink that reads "Jana Bee Triplett".

Jana Bee Triplett, AIA
Managing Partner

GastingerWalker&

EXHIBIT 11

TO BE SUBMITTED
UPON RECEIPT

EXHIBIT 12



Durbin P. Vido
Senior Vice President

SunTrust Bank
Private Wealth Management
Mail Code: CS-CMD-5024
120 E Baltimore Street, 23rd Floor
Baltimore, MD 21202
Tel: 410. 986.1740
Fax: 410. 244.5705
Durbin.Vido@SunTrust.com

June 13, 2017

Ms. Alicia Ahern
Business Administrator
Bethesda Chevy Chase Surgery Center
6931 Arlington Road, Suite E
Bethesda, MD 20814

Ms. Ahern:

This letter is to outline the SunTrust "Expression of Interest" proposal provided to Bethesda Chevy Chase Surgery Center in June of this year. Our proposal expressed our interest in lending to your organization for its proposed expansion. The highlights are restated below:

Facility: A loan funded in multiple draws (the "Non-Revolving Loan"). All draws must be funded within twelve months of the initial date of the loan.

Loan Amount: Lesser of (i) \$1,500,000 or (ii) 80% of Total Project Cost

Purpose: To provide financing to construct additional operating room

Fees: \$3,000.00

Loan Term: 72 months from the Closing Date

Repayment Schedule: 12 month Interest Draw Period followed by 60 months of Principal and Interest payable monthly based on a 60 month amortization period

Interest Rate: 4.15% Fixed Rate

Collateral: First priority security interest in Borrower's accounts receivable, inventory, equipment, general intangibles and all proceeds thereof.

This Letter is not intended to, and shall not, create a legally binding obligation on the part of Lender or Borrower. Full terms and conditions can be found in the original document. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Vido", written over a horizontal line.

Durbin P. Vido

Investment and Insurance Products:

• Are not FDIC or any other Government Agency Insured • Are not Bank Guaranteed • May Lose Value

SunTrust Private Wealth Management is a marketing name used by SunTrust Bank, SunTrust Banks Trust Company (Cayman) Limited, SunTrust Delaware Trust Company, and SunTrust Advisory Services, Inc., which are each affiliates of SunTrust Banks, Inc. Banking and trust products and services, including investment management products and services, are provided by SunTrust Bank and SunTrust Delaware Trust Company. Investment advisory services are offered by SunTrust Advisory Services, Inc., a SEC registered investment adviser.

EXHIBIT 13

TO BE SUBMITTED
UPON RECEIPT

EXHIBIT 14

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

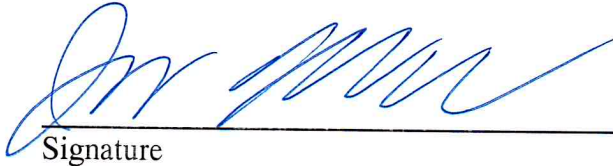
A handwritten signature in black ink, reading "Stephanie Genes". The signature is fluid and cursive, with a long horizontal stroke at the end.

07-06-2017

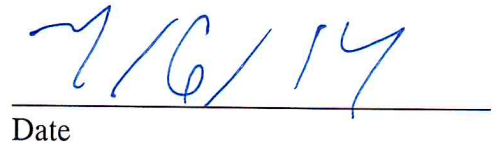
Signature

Date

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

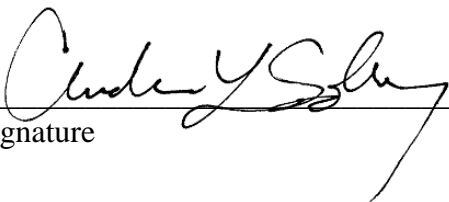


Signature



Date

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.



Signature

7/6/2017

Date