BARNES & THORNBURG LLP

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17-057

Claire M. Reed
Partner
(312) 214-4813
claire.reed@btlaw.com

October 17, 2017

RECEIVED
OCT 18 2017
HEALTH FACILITIES &
SERVICES REVIEW BOARD

VIA OVERNIGHT UPS DELIVERY

Courtney R. Avery
Administrator
Illinois Health Facilities and Services
Review Board
25 West Jefferson Street
2nd Floor
Springfield, IL 62761

Re: Valley Ambulatory surgery Center LP, St. Charles CON Application

Dear Ms. Avery:

I represent the applicants in connection with the relocation of Valley Ambulatory Surgery Center, LP, from its current location at 2210 Dean Street in St. Charles to a proposed new location at 2475 Dean Street in St. Charles. Please find enclosed an original and a copy of the Certificate of Need Application to establish the facility at the new location. We will be filing shortly an exemption application to discontinue the facility at the existing location.

Enclosed is a check for $2,500 as the initial filing fee.

Very truly yours,

BARNES & THORNBURG LLP

Claire M. Reed

Claire Reed

CR:dp
Enclosures

17-057

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

OCT 18 2017

HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Valley Ambulatory Surgery Center		
Street Address: 2475 Dean Street		
City and Zip Code: St. Charles, IL 60175		
County: Kane	Health Service Area: 8	Health Planning Area: N/A

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Valley Ambulatory Surgery Center, L.P.
Street Address: 2210 Dean Street
City and Zip Code: St. Charles, IL 60175
Name of Registered Agent: Illinois Corporation Service Company
Registered Agent Street Address: 801 Adlai Stevenson Drive
Registered Agent City and Zip Code: Springfield, IL 62703-4261
Name of Chief Executive Officer: Daniel C. Hauer
CEO Street Address: 2210 Dean Street
CEO City and Zip Code: St. Charles, IL 60175
CEO Telephone Number: 630-584-9800

Type of Ownership of Applicants

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☒ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Daniel C. Hauer
Title: Administrator
Company Name: Valley Ambulatory Surgery Center
Address: 2210 Dean Street, St. Charles, IL 60175
Telephone Number: 630-584-9800
E-mail Address: dhauer@surgerypartners.com
Fax Number: 630-485-4146

Additional Contact [Person who is also authorized to discuss the application for permit]

Name: Daniel J. Lawler
Title: Attorney
Company Name: Barnes & Thornburg LLP
Address: One North Wacker Drive, Suite 4400, Chicago, IL 60606
Telephone Number: 312-214-4861
E-mail Address: dlawler@btlaw.com
Fax Number: 312-759-5646

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Valley Ambulatory Surgery Center		
Street Address: 2475 Dean Street		
City and Zip Code: St. Charles, IL 60175		
County: Kane	Health Service Area: 8	Health Planning Area: N/A

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: VASC, Inc.
Street Address: 40 Burton Hills Boulevard, Suite 500
City and Zip Code: Nashville, TN 37215
Name of Registered Agent: Illinois Corporation Service Company
Registered Agent Street Address: 801 Adlai Stevenson Drive
Registered Agent City and Zip Code: Springfield, IL 62703-4261
Name of Chief Executive Officer: Tony Taparo
CEO Street Address: 40 Burton Hills Boulevard, Suite 500
CEO City and Zip Code: Nashville, TN 37215
CEO Telephone Number: 615-234-5900

Type of Ownership of Applicants

- ☐ Non-profit Corporation
- ☒ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

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Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Tony Taparo
Title: President, Atlantic Group
Company Name: VASC, Inc.
Address: 40 Burton Hills Boulevard, Suite 500, Nashville, TN 37215
Telephone Number: 615-234-8913
E-mail Address: ttaparo@surgerypartners.com
Fax Number: 615-694-5142

Additional Contact [Person who is also authorized to discuss the application for permit]

Name: Marcy Atheney
Title: Regional Vice President
Company Name: Surgery Partners, Inc.
Address: Weeki Wachee, FL 34613
Telephone Number: 352-942-9351
E-mail Address: matheney@surgerypartners.com
Fax Number: 352-597-2396

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Valley Ambulatory Surgery Center		
Street Address: 2475 Dean Street		
City and Zip Code: St. Charles, IL 60175		
County: Kane	Health Service Area: 8	Health Planning Area: N/A

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Surgery Partners, Inc.
Street Address: 40 Burton Hills Boulevard, Suite 500
City and Zip Code: Nashville, TN 37215
Name of Registered Agent: Illinois Corporation Service Company
Registered Agent Street Address: 801 Adlai Stevenson Drive
Registered Agent City and Zip Code: Springfield, IL 62703-4261
Name of Chief Executive Officer: Cliff Adlerz
CEO Street Address: 40 Burton Hills Boulevard, Suite 500
CEO City and Zip Code: Nashville, TN 37215
CEO Telephone Number: 615-234-5900

Type of Ownership of Applicants

- ☐ Non-profit Corporation
- ☒ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Tony Taparo
Title: President, Atlantic Group
Company Name: VASC, Inc.
Address: 40 Burton Hills Boulevard, Suite 500, Nashville, TN 37215
Telephone Number: 615-234-8913
E-mail Address: ttaparo@surgerypartners.com
Fax Number: 615-694-5142

Additional Contact [Person who is also authorized to discuss the application for permit]

Name: Daniel C. Hauer
Title: Administrator
Company Name: Valley Ambulatory Surgery Center
Address: 2210 Dean Street, St. Charles, IL 60175
Telephone Number: 630-584-9800
E-mail Address: dhauer@surgerypartners.com
Fax Number: 630-485-4146

Post Permit Contact
[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**]

Name: Daniel C. Hauer
Title: Administrator
Company Name: Valley Ambulatory Surgery Center
Address: 2210 Dean Street, St. Charles, IL 60175
Telephone Number: 630-584-9800
E-mail Address: dhauer@surgerypartners.com
Fax Number: 630-485-4146

Site Ownership
[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Leroy Oakes Properties, LLC
Address of Site Owner: 409 E. Illinois Street, Suite 1C, St. Charles, IL 60174
Street Address or Legal Description of the Site: 2475 Dean Street, St. Charles, IL 60175 **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee
[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Valley Ambulatory Surgery Center, L.P.
Address: 2210 Dean Street, St. Charles, IL 60175

☐ Non-profit Corporation ☒ Partnership
☐ For-profit Corporation ☐ Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements
[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 **(http://www.hfsrb.illinois.gov)**.

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those appliceble - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

☒ Substantive

☐ Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The applicants currently operate Valley Ambulatory Surgery Center, a multi-specialty Ambulatory Surgical Treatment Center ("ASTC") located at 2210 Dean Street in St. Charles. The existing building is no longer suitable for this ASTC and the applicants propose to relocate the ASTC to a new building to be constructed near the existing facility on the same street at 2475 Dean Street, St. Charles.

This CON application is to establish a multi-specialty ASTC at 2475 Dean Street, St. Charles, with six operating rooms and two procedure rooms. Concurrently with this CON application, the applicants are submitting an exemption application to discontinue the ASTC at the current location on 2210 Dean Street.

The proposed ASTC would consist of 17,240 gross square feet of clinical space and 7,290 gross square feet of non-clinical space for a total of 24,530 gross square feet. The total project cost is $16,618,319.

This application is classified as a substantive project because it proposes to establish a new health care facility.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	0	0	0
Site Survey and Soil Investigation	0	0	0
Site Preparation	0	0	0
Off Site Work	0	0	0
New Construction Contracts	0	0	0
Modernization Contracts	3,734,402	1,525,319	5,259,721*
Contingencies	343,159	140,164	483,323
Architectural/Engineering Fees	347,911	142,105	490,016
Consulting and Other Fees	81,650	33,350	115,000
Movable or Other Equipment (not in construction contracts)	3243,332	476,732	3,720,064
Bond Issuance Expense (project related)	0	0	0
Net Interest Expense During Construction (project related)	0	0	0
Fair Market Value of Leased Space or Equipment	4,650,638	1,899,557	6,550,195
Other Costs To Be Capitalized	0	0	0
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	12,401,093	4,217,226	16,618,319
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	122,545	50,054	172,599
Pledges	0	0	0
Gifts and Bequests	0	0	0
Bond Issues (project related)	0	0	0
Mortgages	0	0	0
Leases (fair market value)	4,650,638	1,899,557	6,550,195
Governmental Appropriations	0	0	0
Grants	0	0	0
Other Funds and Sources (Tenant Improvement Allowance)	1,004,082	410,118	1,414,200
Other Funds and Sources (Surgery Partners Financing)	1,477,741	603,584	2,081,325
Other Funds and Sources (Bank Financing)	5,146,087	1,253,913	6,400,000
TOTAL SOURCES OF FUNDS	12,401,093	4,217,226	16,618,319

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

*The Modernization Contracts total was reduced by the amount of the Tenant Improvement Allowance.

Related Project Costs
Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☒ Yes ☐ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $300,000.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): 10/31/19

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT 9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- In the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Valley Ambulatory Surgery Center, L.P. * **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE	SIGNATURE
Jennifer Baldock PRINTED NAME	Teresa Sparks PRINTED NAME
Secretary, VASC, Inc. (General Partner) PRINTED TITLE	Treasurer, VASC, Inc. (General Partner) PRINTED TITLE
Notarization: Subscribed and sworn to before me this 9 day of October, 2017	Notarization: Subscribed and sworn to before me this 9 day of October, 2017
Signature of Notary Commission expires: 7-6-20 Seal	Signature of Notary Commission expires 7-6-20 Seal

*Insert the EXACT legal name of the applicant

CERTIFICATION

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- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- In the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- In the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- In the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of VASC, Inc.*
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE	SIGNATURE
Jennifer Baldock PRINTED NAME	Teresa Sparks PRINTED NAME
Secretary, VASC, Inc. PRINTED TITLE	Treasurer, VASC, Inc. PRINTED TITLE
Notarization: Subscribed and sworn to before me this 9 day of October, 2017	Notarization: Subscribed and sworn to before me this 9 day of October 2017
Signature of Notary Commission expires: 7-6-20	Signature of Notary Commission expires: 7-6-20
Seal	Seal

*Insert the EXACT legal name of the applicant

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- In the case of a corporation, any two of its officers or members of its Board of Directors;
- In the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- In the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- In the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficieries do not exist); and
- In the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Surgery Partners, Inc.* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE	SIGNATURE
Jennifer Baldock PRINTED NAME	Teresa Sparks PRINTED NAME
Secretary, Surgery Partners, Inc. PRINTED TITLE	Treasurer, Surgery Partners, Inc. PRINTED TITLE
Notarization: Subscribed and sworn to before me this 9 day of October, 2017	Notarization: Subscribed and sworn to before me this 9 day of October, 2017
Signature of Notary Commission expires: 7-6-20	Signature of Notary Commission expires: 7-6-20
Seal LINDA LYONS STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY	Seal LINDA LYONS STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

*Insert the EXACT legal name of the applicant

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Background

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.

3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.230 – Purpose of the Project, and Alternatives

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.

2. Define the planning area or market area, or other relevant area, per the applicant's definition.

3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.

4. Cite the sources of the documentation.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies end certified by the facility's Medical Director.

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

   c. The project involves the conversion of existing space that results in excess square footage.

   d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.

2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.

3. Evidence that the shell space is being constructed due to:
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:

   a. Historical utilization for the area for the latest five-year period for which data is available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

G. Non-Hospital Based Ambulatory Surgery

Applicants proposing to establish, expand and/or modernize the Non-Hospital Based Ambulatory Surgery category of service must submit the following information.

ASTC Service
☐ Cardiovascular
☒ Colon and Rectal Surgery
☒ Dermatology
☒ General Dentistry
☒ General Surgery
☒ Gastroenterology
☒ Neurological Surgery
☐ Nuclear Medicine
☒ Obstetrics/Gynecology
☒ Ophthalmology
☒ Oral/Maxillofacial Surgery
☒ Orthopedic Surgery
☒ Otolaryngology
☒ Pain Management
☐ Physical Medicine and Rehabilitation
☒ Plastic Surgery
☒ Podiatric Surgery
☐ Radiology
☐ Thoracic Surgery
☒ Urology
☐ Other_____

1. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish New ASTC or Service	Expand Existing Service
1110.1540(c)(2) – Service to GSA Residents	X	X
1110.1540(d) – Service Demand – Establishment of an ASTC or Additional ASTC Service	X	
1110.1540(e) – Service Demand – Expansion of Existing ASTC Service		X
1110.1540(f) – Treatment Room Need Assessment	X	X
1110.1540(g) – Service Accessibility	X	
1110.1540(h)(1) – Unnecessary Duplication/Maldistribution	X	
1110.1540(h)(2) – Maldistribution	X	
1110.1540(h)(3) – Impact to Area Providers	X	

1110.1540(i) – Staffing	X	X
1110.1540(j) – Charge Commitment	X	X
1110.1540(k) – Assurances	X	X

APPEND DOCUMENTATION AS ATTACHMENT-25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VII. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable **[Indicate the dollar amount to be provided from the following sources]:**

$172,599	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$12,950,195*	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.

***includes Lease ($6,550,195) and Bank Financing ($6,400,000).**

_____	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
$3,495,525**	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
	TOTAL FUNDS AVAILABLE

****Includes Tenant Improvement Allowance ($1,414,200) and Internal Financing from Applicant Surgery Partners, Inc. ($2,081,325).**

APPEND DOCUMENTATION AS ATTACHMENT 34 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII. 1120.130 - FINANCIAL VIABILITY

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERICAL SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

   A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

   B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information

regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 38.

Safety Net Information per PA 96-0031			
Charity Care			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Yaar	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI. CHARITY CARE INFORMATION

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 41.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

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ATTACHMENT 1

Applicant Ownership Information

Included with this Attachment 1 are the following:

(1) The Illinois Certificate of Good Standing for the applicant Valley Ambulatory Surgery Center, L.P. an Illinois limited partnership, which is the entity that will own and operate the proposed ASTC.

(2) The Illinois Certificate of Good Standing for the applicant VASC, Inc., and,

(3) The Illinois Certificate of Good Standing for the applicant Surgery Partners, Inc.

File Number C000240

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

VALLEY AMBULATORY SURGERY CENTER, HAVING REGISTERED IN THE STATE OF ILLINOIS ON AUGUST 04, 1987, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE UNIFORM LIMITED PARTNERSHIP ACT (2001) OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LP/LLLP IN THE STATE OF ILLINOIS, HAVING FULFILLED ALL REQUIREMENTS OF SAID ACT WITH REGARD TO PAYMENT OF FEES, THE FILING OF ANNUAL REPORTS (IF APPLICABLE) AND NEITHER HAVING BEEN ADMINISTRATIVELY DISSOLVED BY THE SECRETARY OF STATE NOR HAVING VOLUNTARILY FILED A STATEMENT OF TERMINATION.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 7TH *day of* JUNE *A.D.* 2017 .

Authentication #: 1715801884

Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

Attachment I

File Number 5354-146-1

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

VASC, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JULY 26, 1984, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

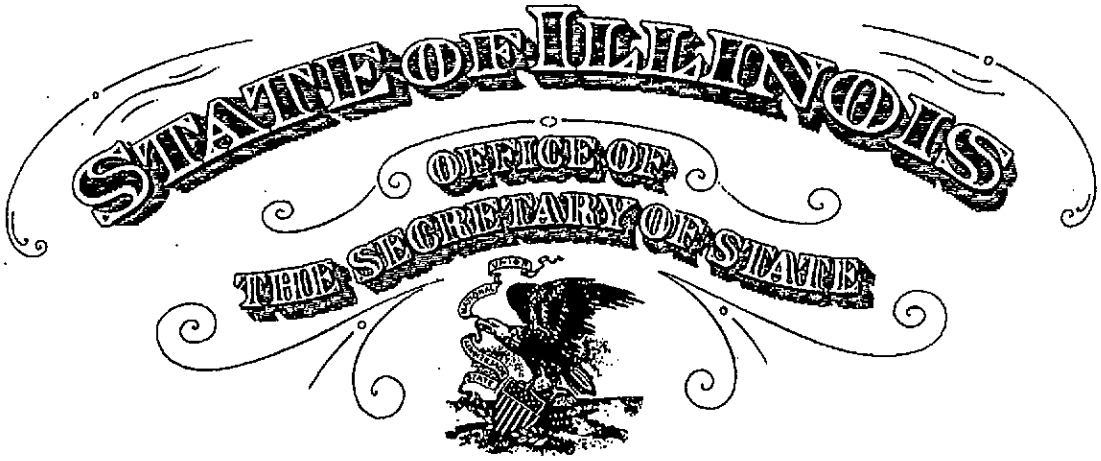
In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 10TH *day of* AUGUST *A.D.* 2017 .

Authentication #: 1722200486 verifiable until 08/10/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 1

File Number 7046-064-5



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

SURGERY PARTNERS, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON FEBRUARY 11, 2016, AND MUST CONDUCT ALL BUSINESS IN THIS STATE UNDER THE ASSUMED NAME OF SURGERY PARTNERS SGRY, INC., APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* OCTOBER *A.D.* 2017 .

Authentication #: 1728100434 verifiable until 10/08/2018
Authenticate at: http://www.cybardriveillinois.com

Jesse White
SECRETARY OF STATE

Attachment 1

ATTACHMENT 2

Site Ownership Information

The proposed ASTC will be located at 2475 Dean Street, St. Charles, Illinois 60175. The land is currently owned by Leroy Oakes Properties, LLC. A third-party developer, Ryan Companies US, Inc. has entered into a Letter of Intent for Purchase of Real Estate, dated June 20, 2017, evidencing intent to purchase the property on which the ASTC will be located. A copy of the Letter of Intent between the current owner Leroy Oakes Properties, LLC and Ryan Companies US, Inc. is included with this Attachment 2.

Ryan Companies US Inc. will construct the building in which the ASTC will be located and lease the building to the applicant Valley Ambulatory Surgery Center, L.P. A copy of a Letter of Intent for the building lease between Ryan Companies US, Inc. and the applicant Valley Ambulatory Surgery Center, L.P. dated October 10, 2017 is also included with this Attachment 2.

WWW.RYANCOMPANIES.COM

RYAN COMPANIES US, INC.
101 E. Kennedy Blvd., Suite 2450
Tampa, FL 33602

813-204-5000 tel
813-204-5050 fax

RYAN
BUILDING LASTING RELATIONSHIPS

Letter of Intent for Purchase of Real Estate

Date: **June 20, 2017**

Seller: **Leroy Oakes Properties, LLC**
409 E Illinois Street, Suite 1C
St Charles, IL 60174

Purchaser: **Ryan Companies US, Inc.**
101 E Kennedy Blvd
Suite 2450
Tampa, FL 33602

Property: Approximately 2(+/-) acres at the 2475 Dean Street, St Charles, Illinois otherwise known as Building Pad 4 of Leroy Oakes Professional Center part of the Property Number: 09-29-425-024, as shown on the attached Exhibit A.

Purchase Price: $550,000 cash at closing

Intended Use: Healthcare

Storm Pond: Seller acknowledges that the existing storm water retention pond was sized to accommodate the development of the Property. The agreed upon purchase price reflects this.

Escrow Agent: The escrow agent will be Old Republic National Insurance Company.

Deposit: Purchaser to deposit $10,000 ("Deposit") into an account held by an Escrow Agent. The Deposit will be fully refundable if, for any reason, Purchaser decides not to proceed at any time prior to the expiration of the Inspection Period of the Approvals Period. The Deposit will become non-refundable if the Purchaser does not terminate the agreement prior to the expiration of the Approvals Period.

Easements: Seller agrees to provide easements as required for Buyer's development of the Property including, but not limited to: 1) an ingress/egress easement for the access drive, 2) a storm water discharge easement, 3) utility easements, and 4) the signage easement.

Inspection Period: Purchaser shall have two hundred and forty (240) days from the date of execution of the Purchase and Sale Agreement to conduct a due diligence review of the Property. During this time, Purchaser shall have access to, and may conduct any and all tests it deems necessary on the Property. After execution of the letter of intent, and prior to execution of the purchase agreement, Seller agrees to execute an access agreement that allows the Purchaser to begin its due diligence work while the purchase agreement is being finalized. Seller shall provide all documentation to Property that Seller has in their possession, such as survey, environmental and engineering reports, etc, within five (5) days of Effective Date of Agreement. Purchaser shall have the ability to terminate the PSA, for any of no reason during the Inspection Period and have the Deposit refunded.

Attachment 2

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BUILDING LASTING RELATIONSHIPS

Approvals Period:	Purchaser shall have ninety (90) days from the date of expiration of the Inspection Period to secure the non-appealable all required governmental approvals for the development of the Property as an ambulatory surgery center. If purchaser is unable to receive the necessary government approvals, Purchaser may terminate the PSA and have the Deposit refunded.
Approvals Period Extension Option:	Purchaser shall have the option to extend the Approvals Period sixty (60) days by depositing an additional $10,000 ("Extension Deposit") into the escrow account. The Extension Deposit and the Deposit shall be refundable if approvals are not able to be obtained using commercially reasonable efforts. The Deposit and the Extension Deposit (if paid) shall be applicable to the Purchase Price.
Closing:	The closing date will be the earlier of 1) 60 days after the expiration of the Approvals Period as potentially extended, and 2) 10 days after Purchaser provides written notice of its intent to close on the Property.
Closing Costs:	Seller would pay for the documentary stamps on the deed. Purchaser would pay for its due diligence costs, including the cost of the survey, any taxes on a mortgage and for recording the deed. All income and expenses will be prorated as of the Closing Date.
Conditions Precedent:	Notwithstanding the Inspection Period and Approvals Period, Purchaser shall have until Closing to secure the governmental approvals and financing for the development of the Property. Starting with the execution of the letter of intent, Seller shall cooperate with the Purchaser by signing any necessary applications required by the government approvals. All conditions precedent shall be for the Purchaser's sole benefit, and Purchaser shall have the right to waive any contingency.
Broker:	Seller and Purchaser both acknowledge that no other brokerage company is involved in this transaction.
Response Date:	If not dually executed, this letter of intent will expire on June 2, 2017
No Agreement:	This letter summarizes our intentions to date; however, it shall not be construed as an agreement of sale and purchase. No binding agreement shall exist until the parties have approved and executed a Purchase and Sale Agreement. By signing this letter of intent below, Seller and Purchaser agree to act in good faith to negotiate a mutually acceptable contract for the sale and purchase of the Property.
Termination:	Purchaser shall have the right to terminate the Agreement at any time for any reason prior to Closing. If the Agreement is terminated, the Deposit and Extension Deposit shall be delivered to the Purchaser and/or Seller per the terms of the Agreement.
Confidentiality:	The terms of this Letter of Intent shall be treated as confidential information between the parties for discussion purposes only and shall not be shared with any persons or entity other than those individuals employed with, or agents of, the parties, as expressly outlined herein.

Attachment 2

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Should the terms and conditions hereof be acceptable, please sign below and a Purchase and Sale Agreement acceptable to both Seller and Purchaser will be drafted, time being of the essence.

Purchaser:

Connor T. Lewis
Vice President, Southeast Region
Ryan Companies US, Inc.

Seller:

Name: J. Witherstone
Title: Member
Date: 6/21/17

Attachment 2

WWW.RYANCOMPANIES.COM

RYAN COMPANIES US, INC.
101 E. Kennedy Blvd., Suite 2450
Tampa, FL 33602

813-204-5000 tel
813-204-5050 fax

RYAN
BUILDING LASTING RELATIONSHIPS

October 10, 2017

Brian Blankenship
Surgery Partners
40 Burton Hills Blvd, Suite 500
Nashville, TN 37215

Valley Ambulatory Surgery Center
2210 Dean Street
St Charles, IL 60175

RE: Letter of Intent for a 23,570 RSF ASC located on 1.82 acres at 2475 Dean Street, St Charles, IL, also known as Building Pad 4 of the Leroy Oakes Professional Center as shown on the attached Exhibit A.

Dear Mr. Blankenship:

On the behalf of Ryan Companies US Inc. ("Ryan"), it is my pleasure to provide you with the following Letter of Intent defining the terms and conditions for a lease with Valley Ambulatory Surgery Center, LP. This is an outline of the business terms. All legal issues will be finalized in the Lease Agreement to be provided to you upon your agreement with this Letter of Intent.

Property:	1.82 acre portion of Parcel ID: 09-29-425-024 as further defined in the attached Exhibit A.
Premises:	Approximately 23,570 rentable square feet. BOMA calculations of building usable and rental areas will be provided as an exhibit to the lease with final measurement confirmed prior to occupancy
Landlord:	Ryan
Tenant:	Valley Ambulatory Surgery Center, LP
Term:	15 years
Lease Commencement:	The initial term of the lease shall commence upon the date of receipt of the temporary certificate of occupancy for the ASC.
Rental Rate:	ASC 23,570RSF $25.38 NNN Estimated rental rate will be confirmed after we have further understood the development requirements of the City of St. Charles, IL. Annual escalation rate is 2.0%
Tenant Improvements:	The Tenant Improvement Allowance is calculated based on: TI Allowance for ASC = $60.00 per RSF

Attachment 2

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BUILDING LASTING RELATIONSHIPS

Lease Guarantee:	**Surgery Partners, Inc. will guarantee 50% of the lease payments for 5 years with a performance based guarantee reduction of 20% per year if the following criterion is achieved per year:** • **Tenant's financials show an EBITDAR of 4 times gross rent and;** • **Tenant's financial worth is greater than $1 million**
Performance Security:	Tenant represents that its tangible net worth is in excess of $1 million and an EBITDAR in excess of 4x. If at any time during the lease, the tenant's financial worth does not exceed $1 million or generates EBITDAR coverage of 4x then the tenant must produce a Letter of Credit for the full amount of the current and immediately subsequent years' (24 months) gross rent, which letter of credit will remain in place for the balance of the term. Other details regarding such letter of credit will be described in the Lease.
Operating Expenses:	$5.90 per RSF estimated
Early Access:	Landlord shall grant early access to the premises at least thirty (30) days prior to lease commencement for the purposes of installing furniture, fixtures, and equipment.
Property Management:	Ryan or and affiliate thereof will be the property manager for the building. Management fee shall be 4% of annual rent less utilities and real estate taxes.
Renewal Options:	Tenant shall have two (2) five-year options to extend the Lease term at 100% of the then fair market rates and Tenant will provide twelve (12) months written notice to the Landlord.
Use:	Medical
Intent:	This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties, and/or (3) unilaterally terminate all negotiations with the other party hereto.

Attachment 2

RYAN
BUILDING LASTING RELATIONSHIPS

Ryan Companies US, Inc.
Connor T. Lewis
Vice President of Healthcare

Valley Ambulatory Surgery Center, LP
By: _____
Date: 10-10-17

Attachment 2

ATTACHMENT 3

Operating Identity/Licensee

The operating identity/licensee is the Valley Ambulatory Surgery Center, L.P., and a copy of its Certificate of Good Standing from the Office of the Illinois Secretary of State is attached. The names and addresses of the partners, and whether each is a general or limited partner, are attached.

VALLEY AMBULATORY SURGERY CENTER, LP

List of Owners in the Partnership

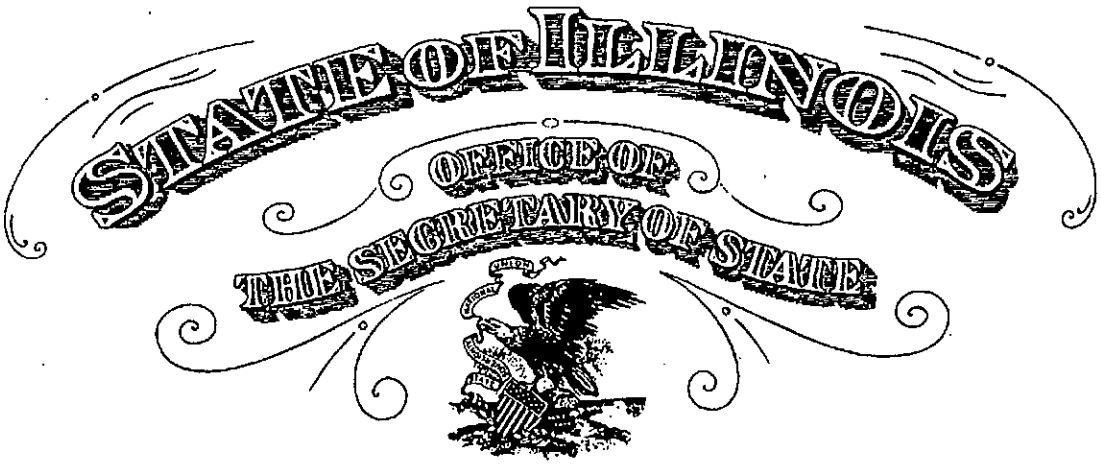
August 1, 2017

FULL NAME**			FULL ADDRESS			% OWNED
VASC, Inc.			40 Burton Hills Blvd	Suite 500	Nashville, TN 37204	48.32%
Susan	Acuna	M.D.	1400 Route 38	Suite E	St Charles, IL 60174	0.67%
David	Aguiar	M.D.	2310 Dean Street	Suite A	St Charles, IL 60175	0.67%
Robert	Berg	M.D.	2210 Dean Street		St. Charles, IL 60175	0.67%
Harry	Bernstein	M.D.	2521 Technology Drive	Suite 202	Elgin, IL 60123	2.01%
Gregory	Bryniczka	D.P.M.	705 Warrenville Road	Suite B	Wheaton, IL 60189	0.67%
Vincent	Cannestra	M.D.	2350 Royal Blvd	Suite 200	Elgin, IL 60123	2.68%
Janeta	Dimante	M.D.	302 Randall Rd	Suite 305	Geneva, IL 60134	0.67%
James	Fister	M.D.	308 Randall Rd	Suite A	Geneva, IL 60134	0.67%
Anthony	Giamberdino	M.D.	2210 Dean Street		St. Charles, IL 60175	2.01%
Jeffrey	Grosskopf	M.D.	3805 E Main Street	Suite G	St Charles, IL 60174	2.01%
Christopher	Hampson	M.D.	351 Delnor Drive	Suite 310	Geneva, IL 60134	3.36%
Ronald	Harmon	M.D.	2210 Dean St		St. Charles, IL 60175	0.67%
Brian	Heffelfinger	M.D.	40w330 Lafox Rd		St Charles, IL 60175	2.01%
David	Hemmer	M.D.	750 Fletcher Dr	Suite 100	Elgin, IL 60123	5.39%
Ernest	Isadore	D.P.M.	2210 Dean St	Unit C	St Charles, IL 60175	2.01%
Kenneth	Jacoby	D.P.M.	750 Fletcher Drive	Suite 300	Elgin, IL 60123	0.67%
Matthew	Karsten	D.M.D.	1534 Weatherstone Lane		Elgin, IL 60123	0.67%
Andrew	Kramer	M.D.	1665 South Street		Geneva, IL 60134	8.06%
D. James	Lee	M.D.	2310 Dean Street	Unit A	St. Charles, IL 60175	0.67%
Jennifer	Lew	M.D.	2310 Dean Street	Unit A	St. Charles, IL 60175	0.67%
Glen	Lochmueller	M.D.	2210 Dean St	Suite L	St. Charles, IL 60175	4.72%
Christopher	Michael	M.D.	2350 Royal Blvd.	Suite 600	Elgin, IL 60123	2.68%
Darran	Moxon	M.D.	2320 Dean St	Suite 201	St Charles, IL 60175	2.01%
Anthony	Pollastrini	D.P.M.	3381 W Main St	Suite 2	ST. Charles, IL 60175	0.67%
Eric	Quartetti	M.D.	40w330 Lafox Rd	Suite A	St. Charles, IL 60175	0.67%
Hythem	Shadid	M.D.	2900 Foxfield Rd	Suite 102	St. Charles, IL 60174	0.67%
Tom	Stanley	M.D.	1710 North Randall Road	Suite 140	Elgin, IL 60123	0.67%
Eveline	Tan	D.P.M.	2001 Wiesbrook Rd.		Wheaton, IL 60187	0.67%
John	White	M.D.	2210 Dean Street	Suite B	St. Charles, IL 60175	2.01%
						100.00%

**VASC, Inc. is a general partner; all other partners are limited partners.

Attachment 3

File Number C000240



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

VALLEY AMBULATORY SURGERY CENTER, HAVING REGISTERED IN THE STATE OF ILLINOIS ON AUGUST 04, 1987, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE UNIFORM LIMITED PARTNERSHIP ACT (2001) OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LP/LLLP IN THE STATE OF ILLINOIS, HAVING FULFILLED ALL REQUIREMENTS OF SAID ACT WITH REGARD TO PAYMENT OF FEES, THE FILING OF ANNUAL REPORTS (IF APPLICABLE) AND NEITHER HAVING BEEN ADMINISTRATIVELY DISSOLVED BY THE SECRETARY OF STATE NOR HAVING VOLUNTARILY FILED A STATEMENT OF TERMINATION.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 7TH *day of* JUNE *A.D.* 2017 .

Jesse White

SECRETARY OF STATE

Authentication #: 1715801884

Authenticate at: http://www.cyberdrive.illinois.com

Attachment 3

HF111915

Illinois Department of
PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	LIC NUMBER
10/25/2017		7001217

Ambulatory Surgery Treatment Center

Effective: 10/26/2016

Valley Ambulatory Surgery Center
2210 Dean Street
St. Charles, IL 60175

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 10/25/2017

Lic Number 7001217

Date Printed 10/14/2016

Valley Ambulatory Surgery Center

2210 Dean Street
St. Charles, IL 60175

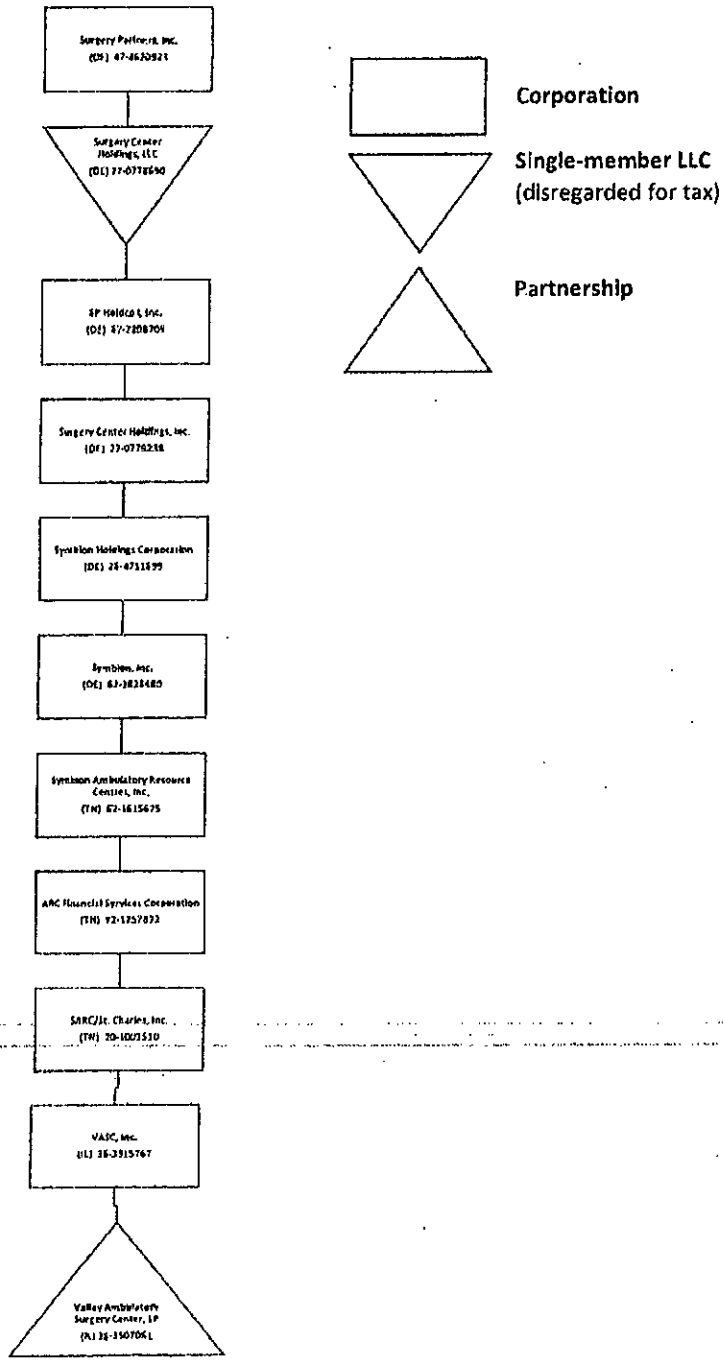
FEE RECEIPT NO.

Attachment 3

ATTACHMENT 4

Organizational Relationships

The applicants' organizational chart included with this Attachment 4.



Attachment 4

ATTACHMENT 5

Flood Plain Requirements

Confirmation that the site of the proposed ASTC complies with the requirements of Illinois Executive Order #2006-5 is shown on the FEMA flood plain map and the applicants' attestation included with this Attachment 5.

Home > FEMA's National Flood Hazard Layer (Official)

Details | Basemap

About | Content | Legend

Legend

NFHL (click to expand)

LOMRs

Effective

LOMAs

FIRM Panels

Cross-Sections

Flood Hazard Boundaries

Unit_lines

SFHA / Flood Zone Boundary

Other Boundaries

Flood Hazard Zones

1% Annual Chance Flood Hazard

Regulatory Floodway

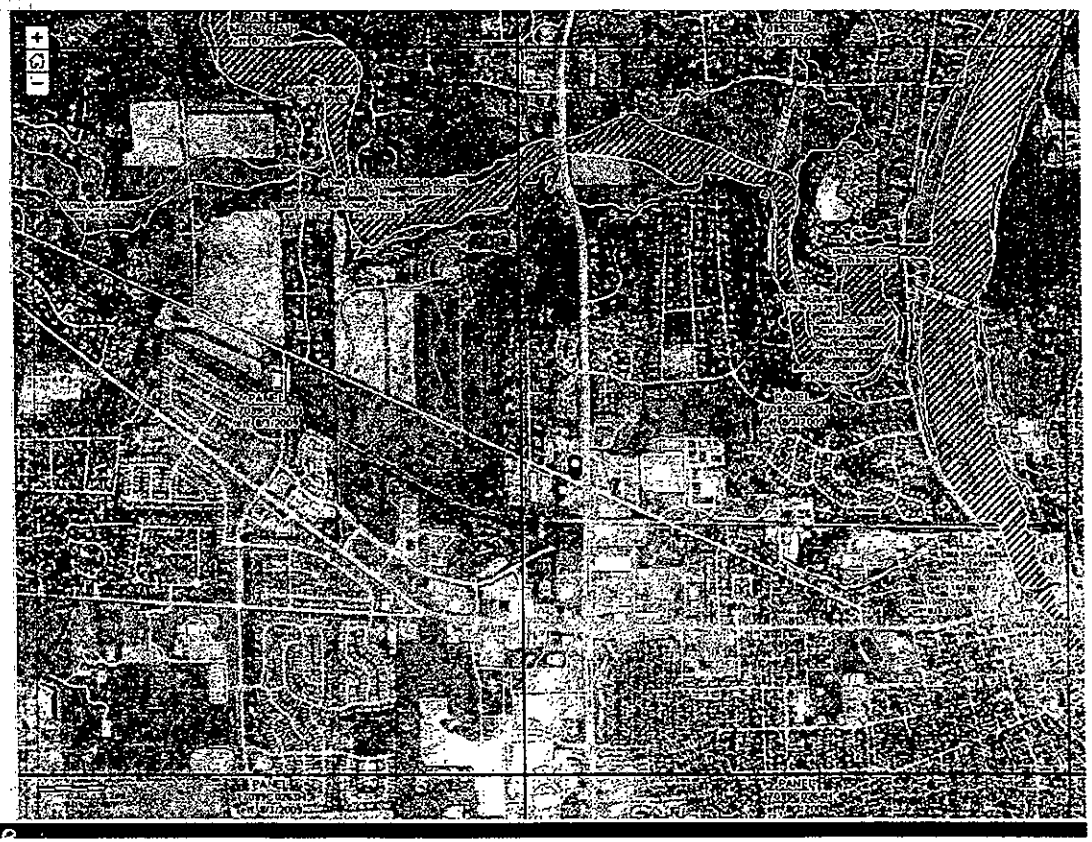
Special Floodway

Area of Undetermined Flood Hazard

0.2% Annual Chance Flood Hazard

Future Conditions 1% Annual Chance Flood Hazard

Area with Reduced Risk Due to Levee



VALLEY AMBULATORY SURGERY CENTER
Dedicated to Excellence in Patient Care

October 13, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Ms. Avery:

I hereby certify and attest that the property located at 2475 Dean Street, St. Charles, Illinois, 60175 is not located in a special flood hazard area and complies with Illinois Executive Order 2006-05.

Sincerely,

Teresa Sparks, CFO

Notary:

Subscribed and sworn to before me this 13 day of October, 2017.

Signature of Notary

Commission expires: 7-6-20

STATE OF TENNESSEE NOTARY PUBLIC
SEAL
DAVIDSON COUNTY

Attachment 5

RYAN

September 19, 2017

Re: Compliance with Illinois Executive Order #2006-05

Per the Flood Plain Requirements Section of the Illinois Health Facilities and Services Review Board Application for Permit; the proposed Project Site falls outside of the FEMA Flood Plain and complies with the requirements listed included in the State of Illinois Executive Department Order 2006-05 – Construction Activities in Special Flood Hazard Areas.

Sincerely,

Connor Lewis
Vice President of Real Estate Development
Ryan Companies US, Inc.

Ryan Companies US, Inc.
533 South Third Street, Suite 100
Minneapolis, MN 55415

p: 612-492-4000
ryancompanies.com

Attachment 5

ATTACHMENT 6

Historic Resources Preservation Act Requirements

The applicant submitted a request to the Division of Historic Sites of the Illinois Department of Natural Resources for a determination that the proposed project complies with the Illinois Historic Preservation Act. A copy of this letter is attached.

BARNES & THORNBURG LLP

One North Wacker Drive, Suite 4400
Chicago, IL 60606-2833 U.S.A.
(312) 357-1313
Fax (312) 759-5646

www.btlaw.com

Claire M. Reed
(312) 214-4813
claire.reed@btlaw.com

September 28, 2017

Via Overnight Delivery

Division of Historic Sites
Illinois Department of Natural Resources
Attn: Review and Compliance
One Natural Resources Way
Springfield, IL 62702

RE: Valley Ambulatory Surgery Center
Historic Preservation Act Determination Request

Dear Review and Compliance Staff:

In accordance with the Illinois State Agency Historic Resources Preservation Act, 20 ILCS 3420/1 *et seq.*, Valley Ambulatory Surgery Center, L.P. seeks a formal determination from the Division of Historic Sites of the Illinois Department of Natural Resources (the "Division") as to whether Valley Ambulatory Surgery Center's proposed project to establish a new ambulatory surgical treatment center (the "Project") affects historic resources. The Project will be located at 2475 Dean Street, St. Charles, Illinois.

1. Project Description and Location

Valley Ambulatory Surgery Center is seeking approval from the Illinois Health Facilities and Services Review Board to construct a new ambulatory surgical treatment center building in St. Charles, Illinois. The building will be constructed on an approximately two (2) acre piece of property that is part of the Leroy Oakes Professional Center. The building would be located approximately one-quarter (1/4) mile from the current building used to house the Valley Ambulatory Surgery Center at 2210 Dean Street in St. Charles, Illinois.

2. Topographical or Metropolitan Map

A map showing the location of the proposed Project is attached as Exhibit 1.

3. Buildings/Structures in the Project Area

The Project will include construction of a new building for use as an ambulatory surgical treatment center, to be located at 2475 Dean Street, St. Charles, Illinois, and photographs of the land and surrounding areas are attached as Exhibit 2.

4. Address for Building/Structure

The proposed address of the Project is 2475 Dean Street, St. Charles, Illinois. There are no buildings or sites of architectural or historical significance in the Project area.

Thank you for your consideration of our request for a historic preservation determination. If you have any questions or need any additional information, please feel free to contact me at 312-214-4813.

Very truly yours,

Claire M. Reed

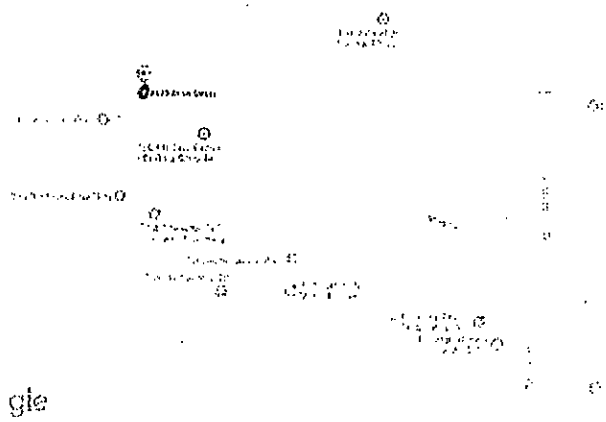
Claire M. Reed

Enclosures

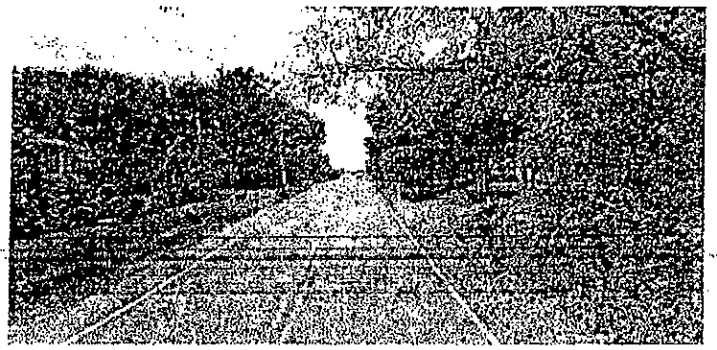
EXHIBIT 1

Attachment 6

Google Maps 2475 Dean St



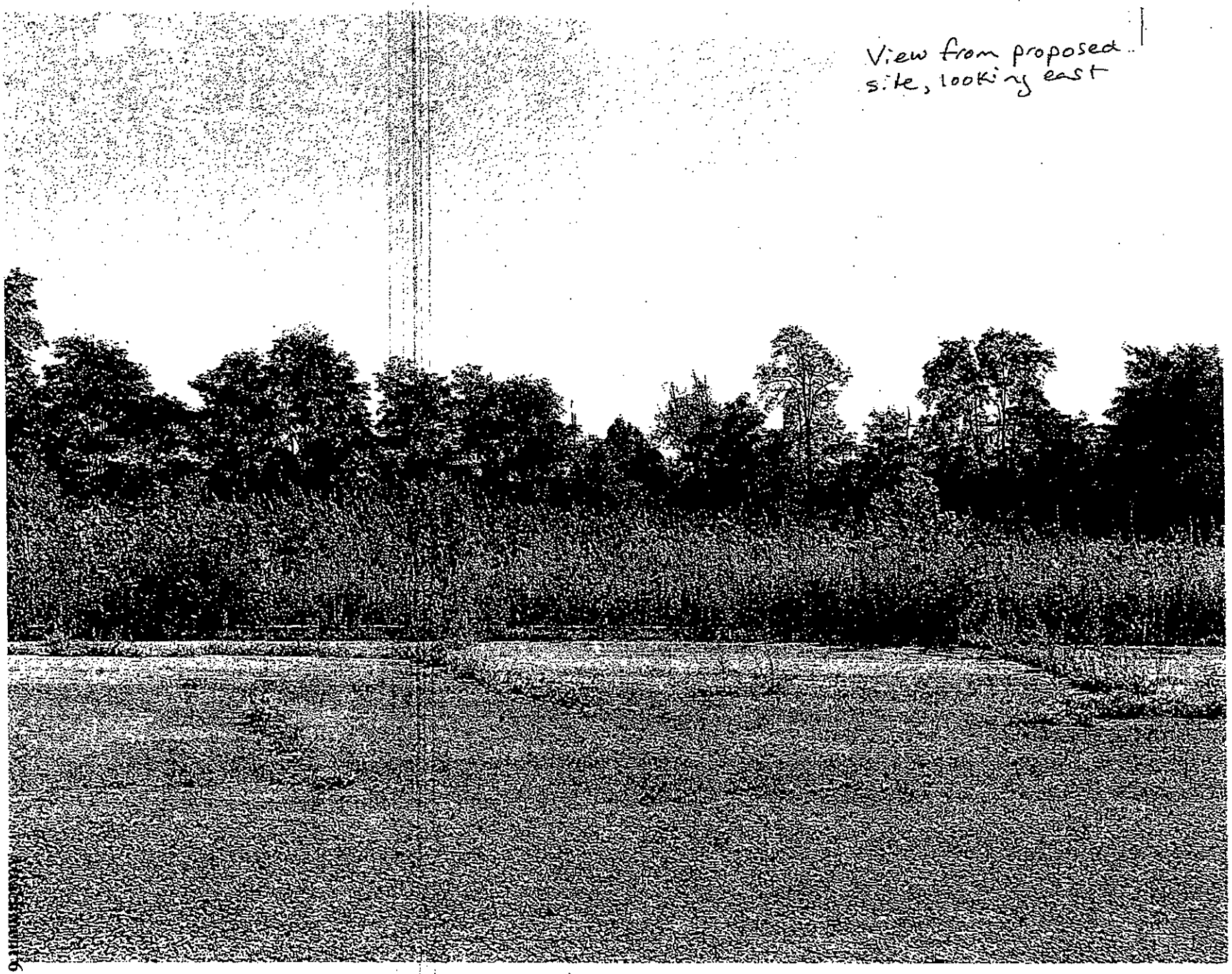
Map data ©2017 Google United States 200 ft



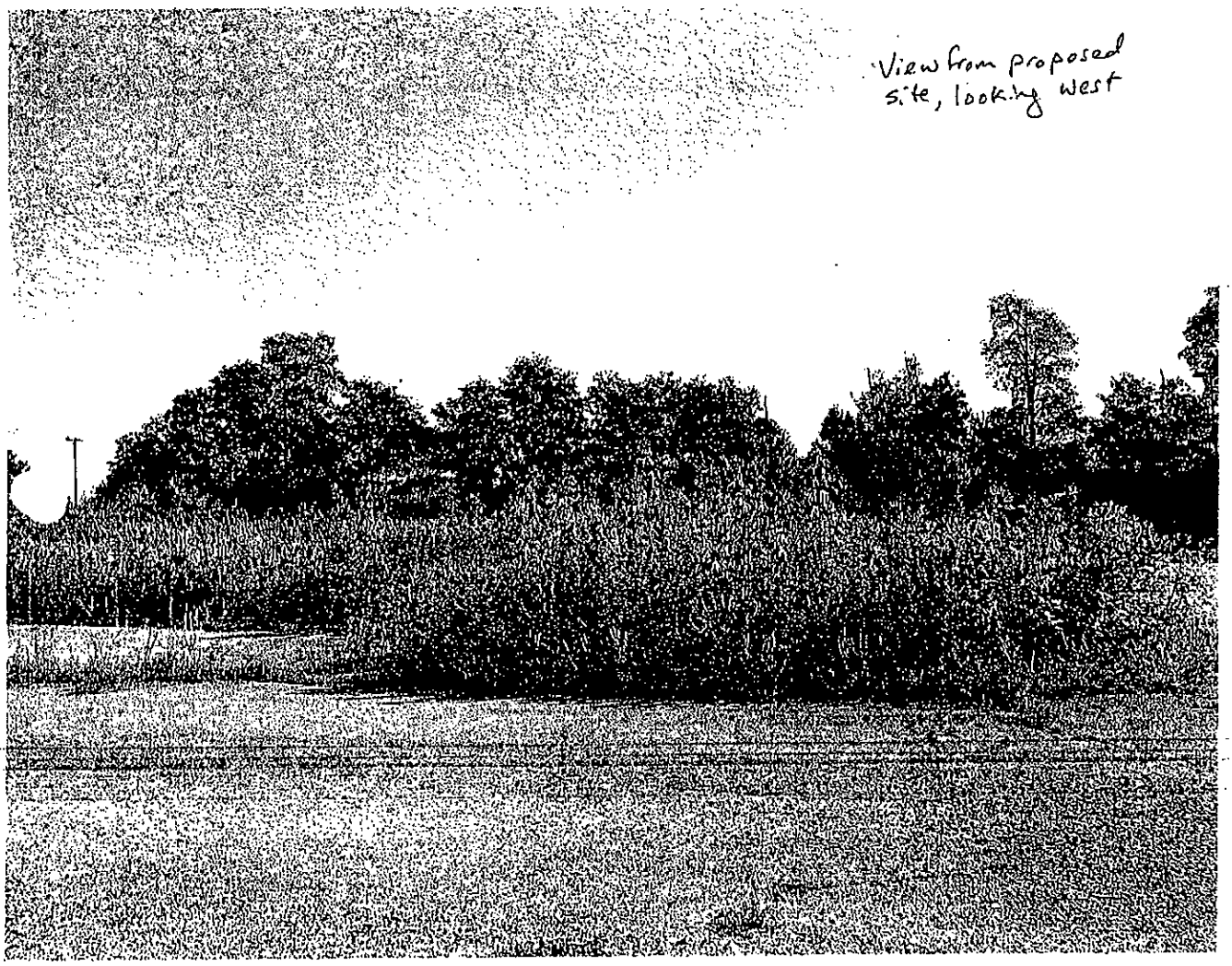
2475 Dean St
St Charles, IL 60175

EXHIBIT 2

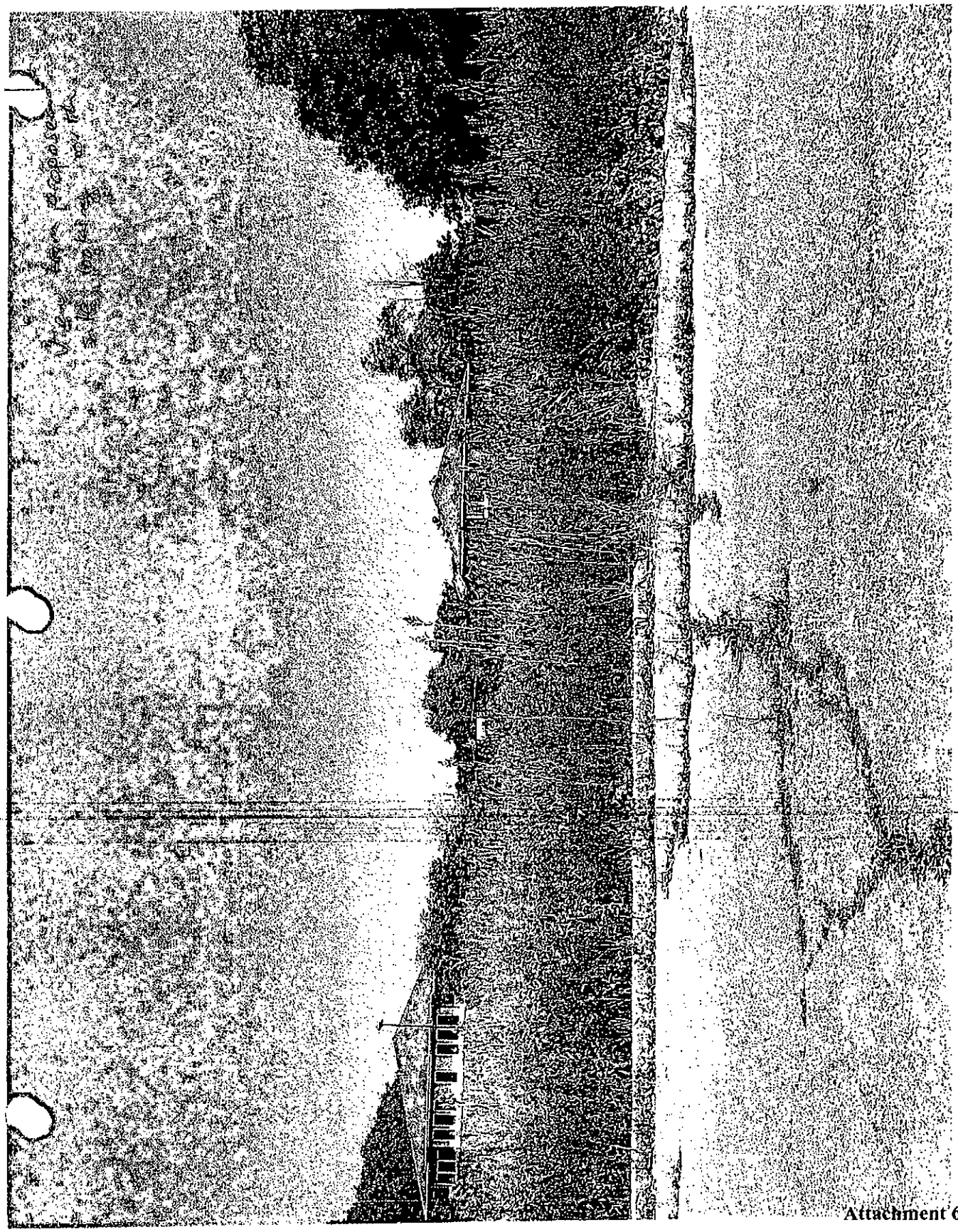
Attachment 6



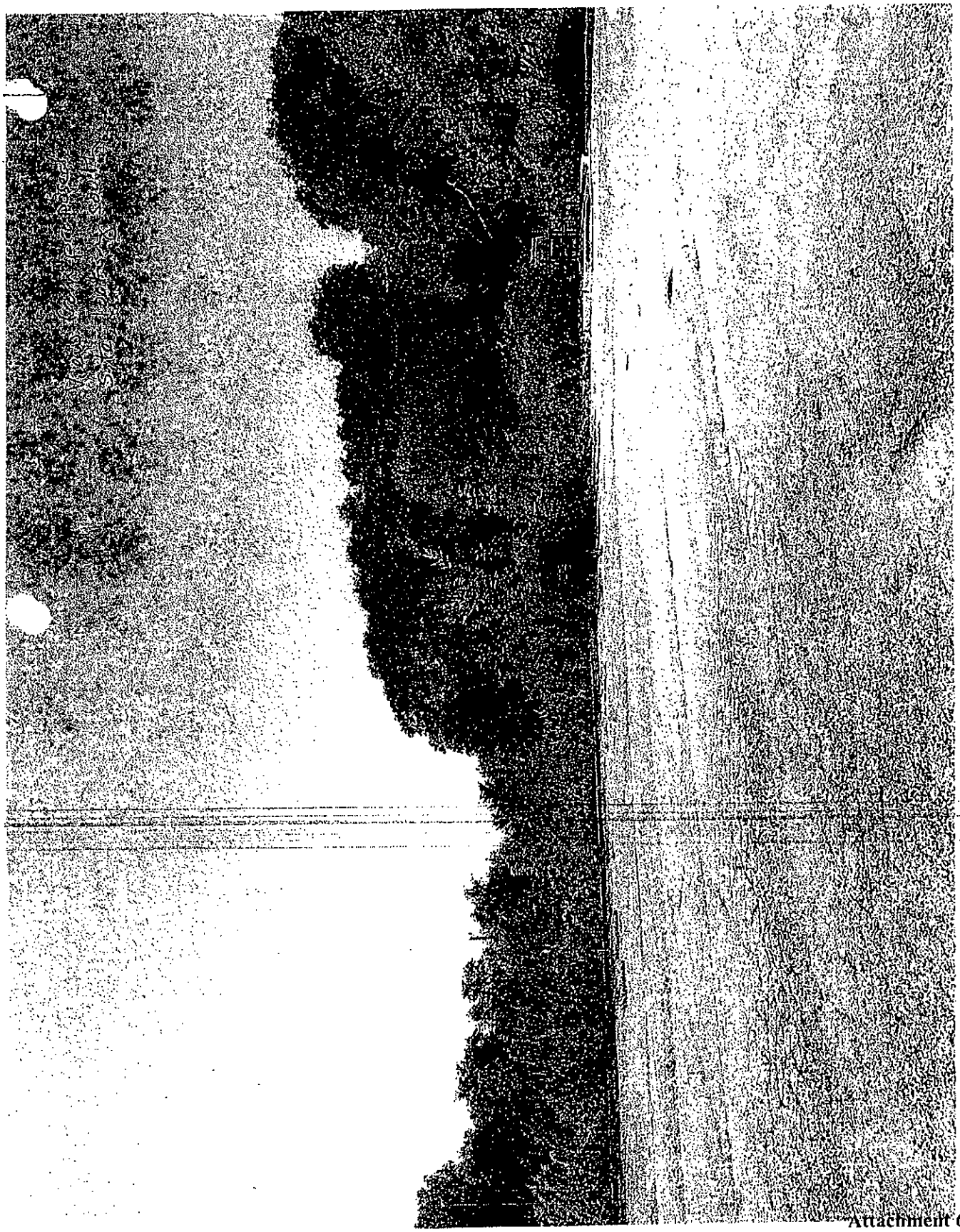
View from proposed site, looking east



Attachment 6



Attachment 6



Attachment 6

ATTACHMENT 7

Project Costs—Itemization

Items	Cost	Line Item Total
Moderization Contracts		**$5,259,721**
Tenant build out	$5,259,721	
Contingencies	$483,323	**$483,323**
For tenant build out		
Architect/Engineering Fees		**$490,016**
Ryan Companies' fees re build out	$490,016	
Consulting and Other Fees		**$115,000**
CON Application Fee	$37,000	
CON consulting and attorney's fees	$40,000	
Equipment consulting fees	$38,000	
Movable/Other Equipment		**$3,720,064**
See attached equipment list	$3,720,064	
Fair Market Value of Leased Space		**$6,550,195**
Building Lease with Ryan Companies	$6,550,195	
TOTAL PROJECT COSTS	**$16,618,319**	**$16,618,319**

	A	B	C	D
1	Valley ASC			
2	Equipment Budget			
3	10/3/2017			
4				
5	Category	Item Qty	Clinical	Non-Clinical
6	Allowance, I.T. (Computers & Networking)	1		$160,500.00
7	Analyzer, Lab, Blood Gas	1	$21,263.04	
8	Analyzer, Lab, Blood Typing	1	$61,502.53	
9	Analyzer, Lab, Coagulation, Whole Blood	1	$22,507.45	
10	Analyzer, Lab, Electrolyte	1	$10,034.46	
11	Analyzer, Lab, Urinalysis, Automated	1	$101,400.69	
12	Anesthesia Machine, General	6	$209,436.45	
13	Artwork, Allowance	1		$32,100.00
14	Autotransfusion Unit, General	1	$33,982.13	
15	Barometer, Digital	1	$769.33	
16	Bed, Electric	3	$31,197.99	
17	Board, Peg, Stainless Steel	2	$10,199.24	
18	Boom, Anesthesia	0	$0.00	
19	Boom, Equipment, Dual Arm	0	$0.00	
20	Bracket, Monitor, Wall	28	$1,258.32	
21	Bracket, Patient Evacuation Device	1	$268.57	
22	Bracket, Patient Transfer Device, Wall Mount	6	$500.76	
23	Bracket, Television, Wall, Flat Panel	9		$751.14
24	Bucket, Kick	12	$2,247.00	
25	Cabinet, OR Console, Supply	18	$66,177.36	
26	Cabinet, Storage, Clinical, Drying, Endoscope	1	$58,123.47	
27	Cabinet, Storage, Clinical, Instrument	2	$9,497.32	
28	Cabinet, Storage, Clinical, Narcotic	1	$455.82	
29	Cabinet, Warming, Dual, Freestanding	4	$52,849.44	
30	Cart / Truck, Soiled Utility	1	$387.34	
31	Cart, Anesthesia, 6-drawer	6	$13,507.68	
32	Cart, Case, Medium (40-49in wide)	25	$87,949.72	
33	Cart, Housekeeping, Polymer	2	$1,268.51	
34	Cart, Procedure, Resuscitation	8	$14,930.03	
35	Cart, Sterilizer, Transfer Carriage	3	$19,741.50	
36	Cart, Supply, Chrome, 48 inch	2		$1,164.16
37	Cart, Supply, Chrome, 60 inch	2		$688.84
38	Cart, Supply, Linen, 48"	2	$1,658.50	
39	Cart, Supply, Sterile Wrap	1	$526.44	
40	Cart, Utility, Stainless	3	$1,479.81	
41	Cart, Washer/Disinfector, Utensil/Container	2	$26,144.38	
42	Centrifuge, Refrigerated, Table Top	1	$9,195.58	
43	Chair, Clinical, Commode, Bariatric	2	$507.18	
44	Charger, Battery, Surgical Tool	1	$11,233.93	
45	Clock, Analog, Wall	18		$563.50
46	Clock, Digital, Synchronized, Wireless	11		$2,848.34
47	Clock, Elapsed Time, Wall Mount	6		$4,031.76
48	Coffee Maker, Automatic, 1-2 Warmer	1		$695.24
49	Compression Unit, Extremity Pump, Intermittent	6	$17,096.46	
50	Defibrillator, Automatic, Advisory	2	$4,055.30	

Attachment 7

	A	B	C	D
51	Defibrillator, Monitor, w/Pacing	6	$93,173.46	
52	Dispenser, Glove, Triple Box	50	$1,781.12	
53	Dispenser, Hand Sanitizer, Wall Mount	1	$25.68	
54	Dispenser, Medication, Host (Main)	2	$91,082.68	
55	Dispenser, Paper Towel, Surface Mount	1	$64.20	
56	Dispenser, Soap, Wall Mount	2	$53.50	
57	Disposal, Sharps, Floor Bin	12	$423.72	
58	Disposal, Sharps, Wall Mount	33	$425.97	
59	Electrocardiograph (ECG), Interpretive	1	$16,900.65	
60	Electrosurgical Unit, Bipolar/Monopolar	6	$102,944.70	
61	Endoscope, Colonoscope, Video	3	$150,870.00	
62	Endoscope, Gastroscope, Ultrasonic	2	$255,730.00	
63	Flowmeter, Air	13	$667.68	
64	Flowmeter, Nitrous Oxide/Oxygen, Cabinet Mount	2	$7,128.34	
65	Flowmeter, Oxygen	40	$1,112.80	
66	Furniture, Allowance	1		$160,500.00
67	Generator, Steam Heat Exchanger	2	$27,028.20	
68	Hamper, Linen	47	$8,074.22	
69	Headlight, w/ Light Source	6	$48,329.76	
70	Hypo-Hyperthermia Unit, General	3	$104,190.18	
71	Ice Machine, Dispenser, Nugget, Countertop	1		$15,461.50
72	Imaging System, Vascular	1	$31,180.87	
73	Incubator, Lab, Biological Indicator	1	$1,391.00	
74	Instruments, Allowance	1		$321,000.00
75	Insufflator, CO2	2	$20,225.14	
76	Integration System, Surgical, Allowance	0	$0.00	
77	Laser, Surgical, CO2	1	$119,699.83	
78	Lift, Patient, Battery Powered	1	$6,454.24	
79	Light, Exam/Procedure, Allowance	2	$10,700.00	
80	Light, Surgical, Dual, Ceiling	6	$209,991.78	
81	Light, Surgical, Single, Ceiling, w/Dual Monitor Arms	6	$274,609.08	
82	Locator, Vein	1	$5,843.27	
83	Microscope, Binocular	1	$5,292.22	
84	Microscope, Operating, Ophthalmic, Floor Standing	0	$0.00	
85	Monitor, Physiologic, Bedside, Critical Care	6	$174,521.28	
86	Monitor, Physiologic, Bedside, Portable	23	$578,335.00	
87	Monitor, Physiologic, Vital Signs, with Pulse Ox	1	$3,612.32	
88	Monitor, Temperature & Humidity	3	$192.60	
89	Monitor, Video, 21 - 24 Inch, Medical Grade	12	$90,560.52	
90	Oto/Ophthalmoscope Set, Wall Mount	2	$1,607.14	
91	Oven, Domestic, Microwave, Countertop	4		$831.82
92	Oximeter, Pulse	7	$24,604.65	
93	PACS, Monitor, 2 Panel	6	$111,618.12	
94	Pass-thru, Window, Central Sterlie	1	$6,294.81	
95	Phacoemulsifier, Ophthalmic	1	$100,766.18	
96	Pump, Infusion, PCA	6	$20,621.04	
97	Pump, Infusion, Single	1	$2,535.90	
98	Pump, Infusion, Triple	1	$8,725.85	
99	Pump, Suction/Aspirator, General, Portable	4	$3,537.42	
100	Rack, Endoscope	2	$744.72	
101	Refrigerator, Commercial, 1 Door	1	$3,531.00	

Attachment 7

	A	B	C	D
102	Refrigerator, Commercial, Undercounter	2	$5,793.52	
103	Refrigerator, Domestic with Freezer	3		$4,278.45
104	Refrigerator, Domestic, Undercounter	1		$287.83
105	Refrigerator, Pharmaceutical, 1 door	1	$11,593.45	
106	Regulator, Suction, Intermittent/Continuous	52	$29,956.36	
107	Roller, Patient Transfer	6	$1,726.98	
108	Scale, Clinical, Adult, Digital, Floor	2	$4,911.30	
109	Sealer, Heat, Packaging	1	$2,220.25	
110	Security System, Allowance	1		$32,100.00
111	Shelf, Wall Mount	2		$114.92
112	Shelving, Allowance, Supply, High Density (Movable)	2		$26,750.00
113	Shelving, Solid, Stainless Steel, 36	6		$1,784.44
114	Shelving, Wire, Chrome, 48	6		$2,946.78
115	Shield, Lead, Mobile	2	$6,922.90	
116	Signage, Allowance	1		$32,100.00
117	Sink, Clean-up Workstation (3-sink)	2	$62,084.61	
118	Sink, Scrub, 1-Bay, Stainless Steel	6	$56,752.80	
119	Smoke Evacuation, Surgical	6	$20,197.32	
120	Sphygmomanometer, Aneroid, Wall Mount	2	$327.42	
121	Stainer, Slide, Automatic, Benchtop	1	$21,743.47	
122	Stand, Basin, Double	6	$2,792.70	
123	Stand, Basin, Single	6	$1,752.66	
124	Stand, Equipment, Suction Canister	6	$1,945.26	
125	Stand, IV, Stainless Steel	22	$9,137.80	
126	Stand, Mayo, Foot-Operated	12	$7,704.00	
127	Stand, Mayo, Thumb-Operated	1	$585.29	
128	Stereo System, Countertop	6		$2,741.34
129	Sterilizer, Endoscope	1	$26,293.11	
130	Sterilizer, Low Temperature	1	$231,120.00	
131	Sterilizer, Steam (Electric), Cabinet	3	$260,186.55	
132	Stool, Anesthetist	6	$6,927.18	
133	Stool, Exam, Cushion-Seat	21		$5,729.85
134	Stool, Step, Stackable	24	$5,033.28	
135	Stool, Surgeon	6	$10,522.38	
136	Stretcher, Procedure / Recovery	26	$183,166.88	
137	Stretcher, Transport	1	$4,002.87	
138	Table, Instrument, 30-36 inch	1	$540.35	
139	Table, Instrument, 48 inch	12	$7,614.12	
140	Table, Instrument, Allowance	2	$1,070.00	
141	Table, Instrument, Assembly	6	$62,389.56	
142	Table, Overbed, General	23		$11,640.53
143	Table, Surgical, Major	4	$176,434.44	
144	Table, Surgical, Orthopedic	0	$0.00	
145	Television, 30-32 in, Flat Panel	3		$3,370.50
146	Television, 36-43 in., Flat Panel	3		$1,284.00
147	Timer, Lab, Multi	1	$40.66	
148	Tourniquet System, General	1	$13,736.66	
149	Ultrasonic Cleaner, Countertop	1	$535.00	
150	Viewbox, 2 Panel, Recessed	6	$3,575.94	
151	Warmer, Fluid/ Blood, Portable	6	$9,039.36	
152	Washer / Disinfector, Electric	2	$85,409.18	

Attachment 7

	A	B	C	D
153	Washer / Disinfector, Endoscope	2	$94,489.56	
154	Waste Can, 08-19 Gallon	1		$71.69
155	Waste Can, 20-31 Gallon	6		$333.13
156	Waste Can, 32-40 Gallon	13		$1,175.12
157	Waste Can, Bio-Hazardous	31		$3,927.41
158	Waste Can, Open Top	69		$523.70
159	Waste Can, Step-On	2		$423.72
160	Waste Disposal, Chemical Disinfectant	1	$3,615.53	
161	Waste Disposal, Surgical Fluid Collection	6	$133,998.24	
162	Waste Disposal, Surgical Fluid Disposal	3	$67,576.92	
163	Water Treatment System, Endoscope Disinfector	1	$1,432.73	
164	Wheelchair, Adult, Bariatric	2	$3,558.82	
165	Wheelchair, Adult, Large	6	$3,216.42	
166	X-Ray Unit, C-Arm, Mobile	2	$390,978.00	
167				
168	**Subtotal**		**$5,665,208.39**	**$832,719.72**
189				
170	**Deductions**		**Clinical**	**Non-Clinical**
171	Discount (50%)		$2,832,604.19	$416,359.86
172	**Deductions Subtotal**		**$2,832,604.19**	**$416,359.86**
173				
174	**Additions**		**Clinical**	**Non-Clinical**
175	Freight (1%)		$28,326.04	$4,163.60
176	Installation (1%)		$28,326.04	$4,163.60
177	Storage (.5%)		$14,163.02	$2,081.80
178	Tax (7%)		$198,282.29	$29,145.19
179	Contingency (5%)		$141,830.21	$20,817.99
180	**Additions Subtotal**		**$410,727.61**	**$60,372.18**
181				
182			**Clinical**	**Non-Clinical**
183	**Equipment Category Cost**		**$3,243,331.80**	**$476,732.04**
184	**Total Equipment Cost**		**$3,720,063.84**	

Attachment 7

ATTACHMENT 9

Cost Spaee Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept/Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vaeated Space**
Reviewable							
ASTC	12,410,093	0	17,240	0	17,240	0	0
Total Clinieal	12,410,093	**0**	**17,240**	**0**	**17,240**	**0**	**0**
Nonreviewable							
Administration, Waiting Room, Reception, Medical Records, Other	4,217,226	0	7,290	0	7,290	0	0
Total Nonclinical	4,217,226	**0**	**7,290**	**0**	**7,290**	**0**	**0**
TOTAL	**16,618,319**	**0**	**24,530**	**0**	**24,530**	**0**	**0**

ATTACHMENT 11

Section III. Background of Applicants

1. Valley Ambulatory Surgery Center, L.P. owns 99% of Valley Medical Inn, L.P. ("VMI"), a post-surgical recovery care center attached to the Valley Ambulatory Surgery Center. The address for VMI is 2340 Dean Street, St. Charles, IL 60175, and its Illinois Department of Public Health license number is 4000017.

   Below is a list of all of the health care facilities owned or operated in Illinois by the co-applicants, VASC, Inc. and Surgery Partners, Inc., including licensing, and certification if applicable.

Name of Facility	Location	Illinois ASTC License No.	Accreditation
NovaMed Surgery Center of Chicago Northshore, LLC	3034 West Peterson, Chicago, IL 60659	7002678	AAAHC
NovaMed Eye Surgery Center of Maryville, LLC	12 Professional Park Drive, Maryville, IL 62062	7002132	AAAHC
Center for Reconstructive Surgery	6311 West 95th Street, Oak Lawn, IL 60453	7002843	AAAHC
Valley Ambulatory Surgery Center	2210 Dean Street, St. Charles, IL 60175	7001217	AAAHC

2. A certified letter is attached stating that (1) there have been no adverse actions taken against any facility owned and/or operated by the applicants during the three years prior to the filing of the application; and (2) the HFSRB and IDPH are authorized to access any documents necessary to verify the information submitted with this application.

October 13, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761
Attn: Courtney Avery

Dear Ms. Avery:

Pursuant to Review Criterion 1110.1540(b) and requirements addressing the Background of Applicants, Valley Ambulatory Surgery Center, L.P. and VASC Illinois, Inc., I hereby certify that no adverse action has been taken against Valley Ambulatory Surgery Center, L.P. and VASC Illinois, Inc. or any facility owned and/or operated by Valley Ambulatory Surgery Center, L.P. and VASC Illinois, Inc. during the three years prior to the filing of the Certificate of Need permit application to establish an ambulatory surgical treatment center at 2475 Dean Street, St. Charles, Illinois.

Furthermore, Valley Ambulatory Surgery Center, L.P. and VASC Illinois, Inc. authorize the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health ("IDPH") to have access to any documents necessary to verify the information submitted in the Certificate of Need application, including, but not limited to: (i) official records of IDPH or other State of Illinois agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

Respectfully submitted,

Notary:

Subscribed and sworn to me this 13 day of October, 2017

Notary Public

Commission Expires: 7-6-20

Seal: LINDA LYONS STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

Attachment 11

October 13, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761
Attn: Courtney Avery

Dear Ms. Avery:

Pursuant to Review Criterion 1110.1540(b) and requirements addressing the Background of Applicants, Surgery Partners, Inc. ("Surgery Partners"), I hereby certify that no adverse action has been taken against Surgery Partners or any facility owned and/or operated by Surgery Partners in Illinois during the three years prior to the filing of the Certificate of Need permit application to establish an ambulatory surgical treatment center at 2475 Dean Street, St. Charles, Illinois.

The applicants hereby permit the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health ("IDPH") to have access to any documents necessary to verify the information submitted in the Certificate of Need application, including, but not limited to: (i) official records of IDPH or other State of Illinois agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

Respectfully submitted,

Surgery Partners, Inc.

Notary:

Subscribed and sworn to me this 13 day of October, 2017

Notary Public

Commission expires: 7-6-20

Seal:

LINDA LYONS
STATE OF ILLINOIS
NOTARY PUBLIC
JEFFERSON COUNTY

Attachment 11

ATTACHMENT 12

Criterion 1110.230 Purpose of the Project

1. The Applicant, Valley Ambulatory Surgery Center, LP ("Valley ASC"), requests approval from the Review Board to establish a multi-specialty ASTC that will be located in a newly constructed building across the street from Valley ASC's current location. The current facility is located at 2210 Dean Street, and the proposed ASTC would be located at 2475 Dean Street, St. Charles. Valley ASC provides outpatient surgical procedures in the following specialties: colon and rectal surgery, dermatology, general dentistry, gastroenterology, general surgery, neurological surgery, obstetrics/gynecology, ophthalmology, oral/maxillofacial, orthopedic, otolaryngology, pain management, plastic surgery, podiatric surgery, and urology.

Since 1987, Valley ASC has operated the multi-specialty ASTC at 2210 Dean Street in St. Charles, and it constructed additions to the building in 1996 and 2007. However, the physical plant is in need of many repairs, necessitating the move to the proposed location. The newly constructed facility will (i) improve the clinical environment for patients; (ii) be located close to the existing facility, making it convenient to patients and staff; (iii) improve efficiencies in operations; and (iv) avoid costly repairs to the current facility.

The building repairs and design changes needed at the current location include, but are not limited to:

(i) Repairs to the exterior of the building, including wood trim problems, an aging roof, and repairs to stucco;

(ii) The main entrance canopy is difficult for cars to navigate because of a tight turning radius, requiring cars to often back up re-approach to make the turn to drop off and pick up patients;

(iii) There are four separate areas for patients—a pre-operation area, recovery, post-operation lounge, and pediatric lounge; such duplicate areas has caused staffing and other inefficiencies;

(iv) The large vaulted ceiling in the pre-op and recovery spaces of the current facility create volumes of unused space that has to be heated and cooled, causing higher than necessary operating expenses;

(v) One of the operating rooms is used as a gastroenterology ("GI") procedure room. The GI cases are performed in a sterile area, which creates an inefficient flow of clean and dirty GI scopes from the operating room to the scope clean-up room that is located in the nonsterile area;

(vi) The sterile processing area is not separated into clean and dirty instrument areas, as required by current codes and best practices—

instead, both functions are located in one room under the current design;

(vii) The building is not handicapped accessible. The business office is on the second floor, and there is no elevator in the building. In addition, numerous doors in the facility are smaller than the three feet width requirement, and they do not have ADA-compliant door hardware. The staff restrooms in the locker rooms are also not handicapped accessible.

(viii) The staff lockers do not connect directly to the sterile corridor, which does not permit one-way flow of staff from nonsterile to sterile areas of the facility.

(ix) There is not enough equipment storage space for operating room equipment, soiled linen and red bag (biohazard) storage.

(x) Leaks in the fire sprinkler lines have required closures of the facility on several recent occasions.

(xi) The facility has experienced electrical issues, and patient headwalls in some areas lack the adequate number of emergency receptacles.

By establishing a new state-of-the-art facility close to its current facility, Valley ASC will be able to offer patients a better clinical environment, a more efficient space for staff, and avoid cost-prohibitive repairs to the existing facility.

2. The proposed ASTC will be located at 2475 Dean Street, St. Charles, Illinois, 60175. The proposed ASTC will be located within Health Service Area 8. The Applicants propose a geographic service area (the "GSA") that includes all zip code areas that are within a forty-five (45) minute drive time radius surrounding the site. A map of the GSA is attached.

3. The Applicants propose to build a new ASTC facility to address physical plant issues with the current facility, as outlined above. The Applicants propose to build the new facility to ensure quality care to patients and a better clinical environment for patients and clinical staff.

4. As noted above, the building's design is not handicapped accessible, and the Applicants wish to build an ADA-compliant facility. Therefore, the Applicants also cite the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq.*, and its implementing regulations as evidence to support the project.

ATTACHMENT 13

Criterion 1110.230—Alternatives

The Applicant considered the following alternatives prior to deciding to establish the ASTC:

- Continue using the current ASTC facility; or
- Establish a new ASTC.

1. Continue using the current ASTC facility.

   The Applicants considered continuing to use the existing ASTC facility. However, due to the nurnber of costly repairs and renovations needed at the current site (outlined in the Purpose of the Project), the Applicants rejected this alternative. The cost for rnaking needed repairs and continuing to use the current ASTC facility is estimated at $5,000,000 to $7,000,000. However, the existing ASTC facility, with extensive upgrades, would still not rneet current design standards for ASTCs.

2. Establish an ASTC.

   The Applicants determined that the ASTC required a new facility, as described in Attachment I2 (Purpose of the Project). In January 2017, the Applicants engaged a consultant to perform a market survey of existing and build-to-suit options in the GSA. The Applicants reviewcd data on fifteen (15) sites, concluding that the site at 2475 Dean Street offered the hest alternative. The property is located approxirnately one-quarter (1/4) rnile frorn the current ASTC facility, and is located at a site that features one-third (1/3) medical tenants, providing convenience for patients and clinicians. Many of the physicians who perform surgeries at the existing ASTC site have their medical offices in the imrnediate area of the current (and thus also proposed) ASTC site. The remainder of thc tenants at the site are professionals. The cost to establish a new ASTC is estimated at $16,618,319.

ATTACHMENT 14

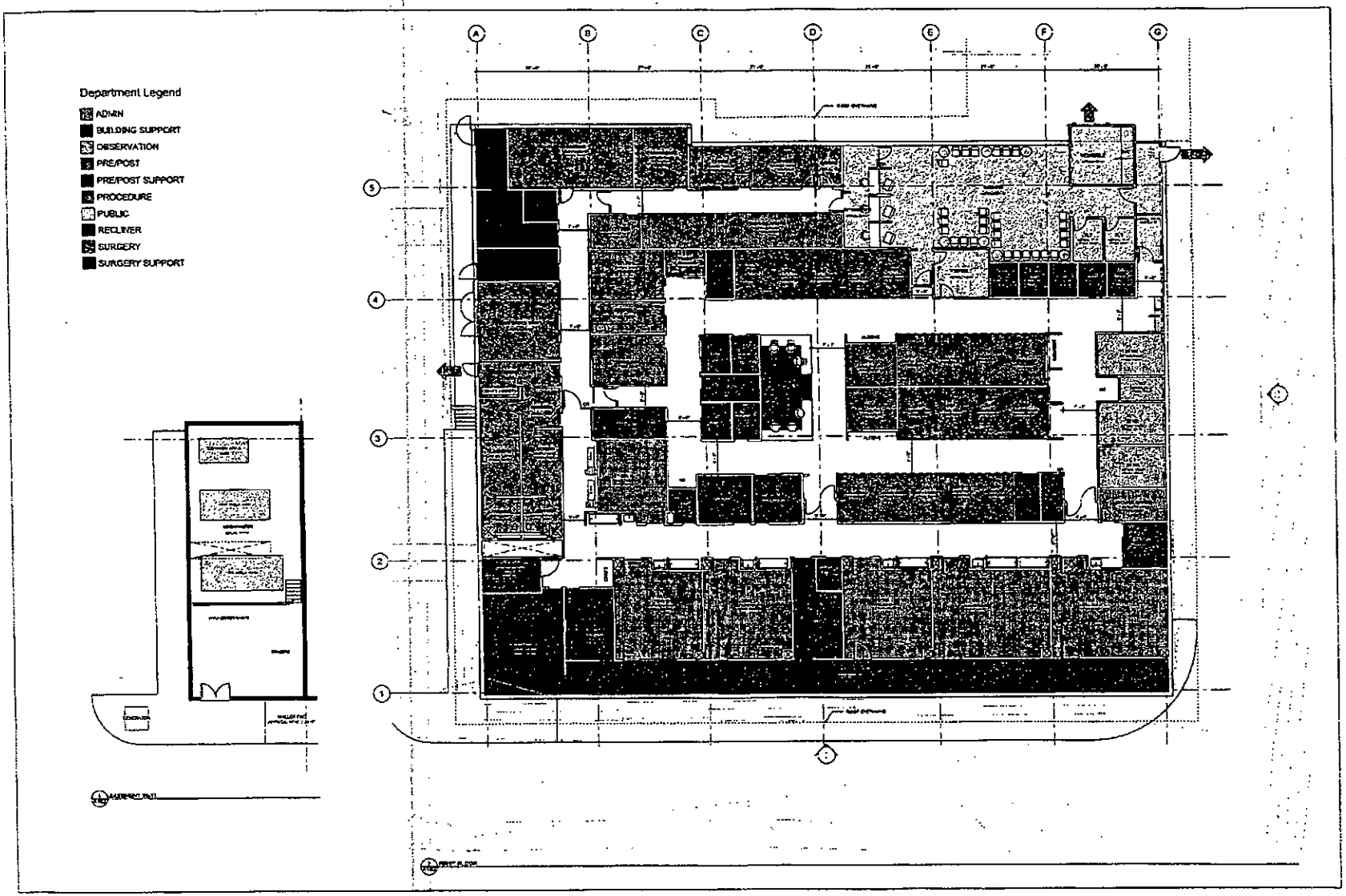
Criterion 1110.234—Project Scope, Utilization, and Unfinished/Shell Space

Size of Project

The Applicants propose to establish an ASTC with six operating rooms and two procedure rooms. Pursuant to Section 1110, Appendix B of the Review Board's rules, the standard is 2,075-2,750 building gross square feet per operating or procedure room.

Size of Project					
Department/Service	**Rooms Proposed**	**Proposed BGSF**	**State Standard**	**Difference**	**Met Standard?**
ASTC	Clinical	17,240	2,075-2,750 BGSF per room (16,600-22,000 BGSF for this project)		Yes
	Non-clinical	7,290	N/A		N/A
Total		**24,530**			

The State Board's guidelines regarding total departmental square footage ("DGSF") for a proposed ambulatory surgical treatment center ("ASTC") are shown in the above chart. The Applicants meet the State Board's Standards for the size of the project.



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RYAN

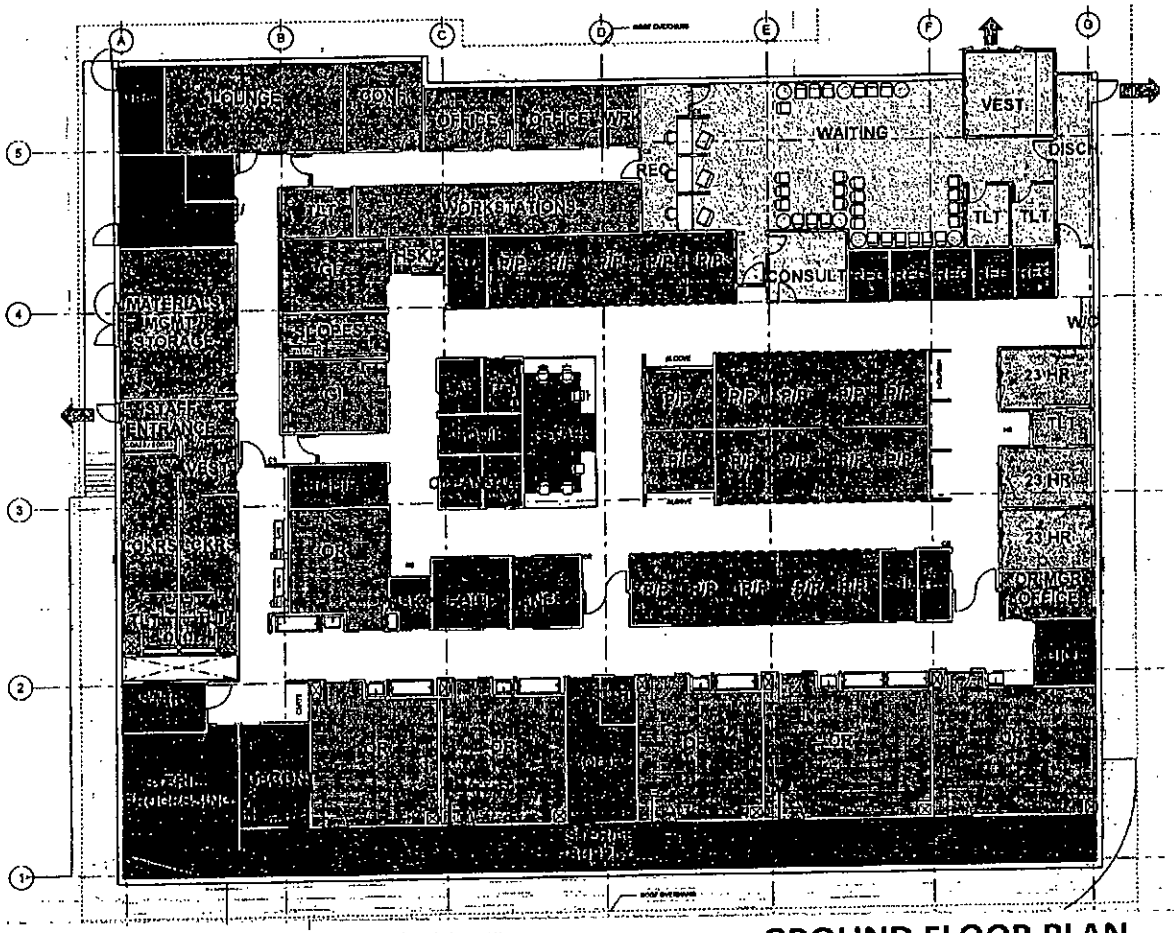
Surgery Partners - St. Charles

CONCEPT

Attachment 14

RYAN

VALLEY AMBULATORY SURGERY CENTER


LOUNGE
OFFICE
OFFICE
WAITING
VEST
DISC
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WORKSTATIONS
TLT
TLT
TLT
CONSULT
MATERIALS MGMT/ STORAGE
STAFF ENTRANCE
VEST
23 HR
23 HR
23 HR
OR
OR
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ATTACHMENT 15

Project Services Utilization

The projected utilization of services for which the Review Board has utilization standards is included in the table below. A narrative of the rationale supporting the utilization projections follows the table.

UTILIZATION					
	Dept./Service	**Historical Utilization (Surgical Hours)**	**Projected Utilization**	**State Standard**	**Met Standard?**
Year 1	ASTC	6,472 Hrs 809 Hrs/OR (2016)	**1,451 Hrs/OR**	1,500+ hours per OR/PR	No
Year 2	ASTC	10,008 Hrs 1,251 Hrs/OR (2017)	**1,507 Hrs/OR**	1,500+ hours per OR/PR	**Yes**

The project completion date is October 31, 2019. The first year after project completion is 2020 and the second year after project completion is 2021. Although the facility did not meet target utilization in 2016, it has experienced a significant increase in cases through the 12-month period ending September 2017 from 5701 cases to 6,950 cases, a 22% increase. This includes dramatic increases in the number of gastroenterology cases (from 1,918 to 3,064), neurology (from 7 to 54), urology (from 53 to 144), and ophthalmology (from 553 to 920). These increases are attributable to increased physician recruitment in 2017 including one new spine physician, five new urologists, four new ophthalmologists. These recruitment efforts will continue.

In addition to increased case numbers, the average hours per case have increased due to the changes in the medical staff resulting in an increase in the complexity of the procedures now being performed. The gastroenterologists are now performing an increased number of colon and EGD (Esophagogastroduodenoscopy) procedures being performed together in the same case, which adds 30 minutes to the procedure time. In addition, new orthopedic surgeons are performing higher acuity cases and using advanced techniques that take longer to perform including total joint replacements. Also, three new oral/maxillofacial surgeons are performing complex cases, such as full mouth restorations, with cases taking 4-5 hours to perform. Further, several new urologists have been recruited who perform lithotripsy procedures and a wide range of more complex surgical procedures such as bladder slings.

Given the recent 22% increase in cases since 2016, the increasing complexity of cases and the successful physician recruitment program, the applicants projected a very conservative 3.8% annual growth in OR hours that will result in the facility meeting target utilization for its six ORs and two procedure rooms by the second year of operation. The projected case load and hours for the first and second year of operation are set forth below in the tables below.

Year 1 Projections:

Case Specialty	# of Cases	OR Prep Hours	Surgery Hours	OR Turnover Hours
Gastroenterology	3510.00	702.00	1755.00	877.50
General	350.00	87.50	350.00	175.00
Neurological	95.00	47.50	142.50	47.50
OB/Gynecology	80.00	20.00	80.00	40.00
Ophthalmology	1528.00	382.00	946.09	382.00
Oral/Maxillofacial	130.00	32.50	325.00	32.50
Orthopedic	700.00	525.00	1400.00	525.00
Otolaryngology	550.00	137.50	687.50	137.50
Pain Management	620.00	155.00	155.00	155.00
Plastic	70.00	35.00	221.67	35.00
Podiatry	135.00	33.75	270.00	33.75
Urology	270.00	202.50	270.00	202.50
Totals	8038.00	2360.25	6602.76	2643.25

Total Utilization Hours	11606.26
# of OR/PRs	8.00
Hours per OR/PR	1450.78

Year 2 Projections:

Case Specialty	# of Cases	OR Prep Hours	Surgery Hours	OR Turnover Hours
Gastroenterology	3650.00	730.00	1825.00	912.50
General	354.00	88.50	354.00	177.00
Neurological	99.00	49.50	148.50	49.50
OB/Gynecology	84.00	21.00	84.00	42.00
Ophthalmology	1589.00	397.25	983.86	397.25
Oral/Maxillofacial	135.00	33.75	337.50	33.75
Orthopedic	728.00	546.00	1456.00	546.00
Otolaryngology	572.00	143.00	715.00	143.00
Pain Management	645.00	161.25	161.25	161.25
Plastic	73.00	36.50	231.17	36.50
Podiatry	140.00	35.00	280.00	35.00
Urology	281.00	210.75	281.00	210.75
Totals	8350.00	2452.50	6857.28	2744.50

Total Utilization Hours	12054.28
# of OR/PRs	8.00
Hours per OR/PR	1506.79

Attachment 15

ATTACHMENT 16

Unfinished or Shell Space

The Applicant will not use shell space.

ATTACHMENT 25

Section VI. Service Specific Review Criteria
G. Non-Hospital Based Ambulatory Surgery

Criterion 1110.1540(c)(2)—Service to Geographic Service Area Residents

The proposed ASTC will serve the geographic service area ("GSA") of St. Charles, Illinois and surrounding communities within 45 minutes normal travel time of the ASTC.

Attached as Table 1110.1540(c)(2)(A) is a chart showing the zip code areas that comprise the GSA, along with population of those zip codes. Attached as Table 1110.1540(c)(2)(B) is a chart showing the patient origin by zip code for all patients treated by the existing ASTC in the last 12-month period. As documented in the below table, approximately 96% of all patients treated in the last 12-month period were residents of the GSA.

Period of Service: 10/1/2016 through 9/30/2017	
Total Patient Visits from **all** Zip Codes	6,989
Total Patient Visits from GSA-located Zip Codes	6,732
Percent of Patient Visits from GSA residents	**96.32%**

Table 1110.1540(c)(2)(A)								
Zip Codes w/in 45 Minute Drive Radius	Patient Visits 10/1/2016 - 9/30/2017	Total Est. Population 2015	Zip Codes w/in 45 Minute Drive Radius	Patient Visits 10/1/2016 - 9/30/2017	Total Est. Population 2015	Zip Codes w/in 45 Minute Drive Radius	Patient Visits 10/1/2016 - 9/30/2017	Total Est. Population 2015
60004	10	50639	60157	2	2097	60552	10	4630
60005	2	29942	60164	1	22035	60553	2	795
60007	2	33952	60169	1	34164	60554	145	11635
60006	0	22043	60172	11	24793	60555	15	13687
60010	24	44331	60173	3	12361	60556	6	1764
60013	12	26242	60174	769	31747	60559	2	24958
60014	18	48868	60175	827	26268	60560	41	22528
60016	1	61096	60177	258	22869	60561	3	23154
60018	1	29351	60178	133	22174	60563	7	36621
60021	4	5455	60180	1	1582	60564	8	41635
60047	5	42330	60181	2	28756	60565	8	41110
60056	2	55803	60183	2	N/A	60566	2	N/A
60067	2	37899	60184	33	2296	60567	1	N/A
60074	4	39757	60185	140	36012	60585	3	23306
60101	8	39918	60186	1	N/A	60598	1	N/A
60102	39	32813	60187	47	28609	61008	14	34676
60103	70	42429	60188	57	43198	61038	0	1003
60106	1	20083	60189	34	31454			
60107	26	41320	60190	19	10819			
60108	18	23213	60191	1	14469			
60109	14	585	60192	4	16695			
60110	30	39334	60193	5	39839			
60111	0	296	60194	2	19164			
60112	26	4598	60195	0	4915			
60115	120	45982	60440	6	53587			
60118	44	15681	60490	2	20784			
60119	325	9812	60502	48	23749			
60120	99	50564	60503	10	17394			
60121	4	N/A	60504	10	37196			
60123	232	48890	60505	55	76016			
60124	236	20912	60506	139	55089			
60126	4	47403	60510	672	29395			
60133	21	38488	60511	10	1584			
60134	827	29769	60512	1	2052			
60135	35	6807	60515	4	28698			
60136	32	7338	60516	3	27944			
60137	28	38103	60517	1	32333			
60139	12	34925	60520	13	2846			
80140	133	15224	60523	0	9912			
60142	109	27080	60530	3	464			
60143	0	10435	60532	0	27268			
60144	3	72	60538	58	27606			
60145	11	2654	60539	1	414			
60146	4	2587	60540	10	44184			
60147	7	N/A	60542	213	17283			
60148	8	52510	60543	42	38987			
60150	8	1557	60544	1	25307			
60151	102	4263	60545	14	13273			
60152	17	12943	60548	16	12027			
60156	41	28900	60550	2	1611	Zip Codes Total	Patient Visit Total	Population Total
						117	6,732	2,710,219

Attachment 25

Table 1110.1540(c)(2)(B) Patient Origin by Zip Code for All Patients Treated in Last 12-Month Period

Sum of Patient Visit Count	
Short Form Zip	Total
8807	1
10023	1
10036	1
19966	1
29127	1
29576	1
32162	1
33163	1
32259	2
33544	1
33908	1
34104	1
34219	1
34236	1
40513	1
45238	1
46534	1
47150	2
48322	1
48858	1
50263	1
53111	1
53235	1
53545	1
53546	1
53549	1
53901	1
54329	1
54952	1
57103	1
57104	1
60004	10
60005	2
60007	2
60010	24
60012	3
60013	12
60014	18
60015	3
60016	1
60018	1

Sum of Patient Visit Count	
Short Form Zip	Total
60020	1
60021	4
60016	1
60030	2
60033	5
60042	4
60042	1
60046	2
60047	5
60050	8
60051	2
60056	2
60062	1
60067	2
60068	1
60070	1
60074	4
60081	1
60083	1
60084	4
60097	1
60098	20
60101	6
60102	39
60103	70
60106	1
60107	26
60108	18
60109	14
60110	30
60112	26
60114	1
60115	120
60118	44
60119	325
60120	99
60121	4
60123	232
60124	236
60126	4
60130	1

Sum of Patient Visit Count	
Short Form Zip	Total
60133	11
60134	827
60135	35
60136	32
60137	28
60139	12
60140	133
60142	109
60144	3
60145	11
60146	4
60147	7
60148	8
60150	8
60151	102
60152	17
60156	41
60157	2
60164	1
60169	1
60172	11
60173	3
60174	769
60175	827
60177	258
60178	133
60180	1
60181	1
60183	2
60184	33
60185	140
60186	1
60187	47
60188	57
60189	34
60190	19
60191	1
60192	4
60193	5
60194	2
60202	1

Sum of Patient Visit Count	
Short Form Zip	Total
60403	3
60404	1
60423	3
60440	6
60441	2
60446	2
60447	1
60450	4
60451	1
60458	1
60459	1
60467	2
60490	1
60502	46
60503	10
60504	10
60505	55
60506	139
60510	672
60511	10
60512	1
60513	2
60515	4
60516	3
60517	1
60520	13
60521	2
60525	1
60526	1
60530	3
60537	1
60538	58
60539	1
60540	10
60541	5
60542	213
60543	42
60544	1
60545	14
60548	16
60550	2

Sum of Patient Visit Count	
Short Form Zip	Total
60552	10
60553	2
60554	145
60555	15
60556	6
60559	2
60560	41
60561	3
60563	7
60564	8
60565	6
60566	2
60567	1
60585	3
60586	5
60598	1
60605	3
60610	2
60611	3
60613	1
60614	1
60625	1
60626	1
60634	3
60638	2
60644	1
60654	2
60656	1
60657	2
60660	1
60661	1
60680	1
60707	1
60901	1
60970	1
61006	3
61007	1
61008	14
61010	1
61012	1
61020	1

Sum of Patient Visit Count	
Short Form Zip	Total
61021	8
61028	1
61032	2
61036	1
61051	1
61054	2
61061	3
61063	2
61065	2
61068	5
61073	2
61081	3
61103	1
61104	1
61107	1
61108	1
61109	3
61114	3
61310	3
61318	3
61338	1
61348	3
61350	6
61353	4
61354	2
61373	1
61874	1
62056	1
62095	1
63050	2
65010	1
65534	1
68506	1
70737	1
73071	1
76039	1
80015	1
85297	1
85339	2
87501	1
92705	1
Grand Total	6989

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Section VI. Service Specific Review Criteria
G. Non-Hospital Based Ambulatory Surgery

Criterion 1110.1540(d) Service Demand—Establishment of an ASTC Facility or Additional ASTC Service

The physician referral letters providing the number of patients referred for treatments to the existing ASTC in the past 12 months is attached. The table below reflects the total number of patients referred in the past twelve months and the projected number of referrals to the proposed ASTC during the first full year of operation.

Cases By Specialty Historical 12-Month Period (October 2016-September 2017)	
Case Specialty	**Number of Cases**
Gastroenterology	3,510
General	350
Neurological	95
OB/Gynecology	80
Ophthalmology	1,528
Oral/Maxillofacial	130
Orthopedic	700
Otolaryngology	550
Pain Management	620
Plastic	70
Podiatry	135
Urology	270
Total	**8,038**

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Section VI. Service Specific Review Criteria
G. Non-Hospital Based Ambulatory Surgery

Criterion 1110.1540(f)—Treatment Room Need Assessment

The Applicants propose to establish an ASTC with six operating rooms and two procedure rooms. The Board's rules set forth an annual minimum utilization of 1,500 hours of use per room, or 12,000 hours for six operating rooms and two procedure rooms. Valley Ambulatory Surgery Center projects to perform 8,038 procedures in the first year after project completion. The Applicants estimate that the average length of time per procedure will be 86.6 minutes or one hour and 26 minutes per procedure, or 11,606 surgical hours. Valley projects to perform 8,350 procedures in the second year after project completion for a total of 12,054 surgical hours. Accordingly, the proposed number of operating and procedure rooms is necessary to serve the projected patient volume.

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Section VI. Service Specific Review Criteria
G. Non-Hospital Based Ambulatory Surgery

Criterion 1110.1540(g)—Service Accessibility

The Applicants propose the ASTC to replace an existing ASTC that is in need of costly and numerous repairs. The proposed ASTC is aimed at improving the clinical environment in the same general vicinity as the current location, thus promoting access to care. The existing ASTC is currently the only multi-specialty ASTC in Kane County. It will be located approximately one-quarter (1/4) mile from the existing ASTC, thus making it convenient for patients and physicians of the existing ASTC. Moreover, the proposed ASTC is located close to many of the physician offices of physicians who refer patients to the ASTC, helping to make the facility accessible and convenient for patients.

In addition, ASTCs are less expensive and more efficient than hospital outpatient departments. An analysis conducted by Healthcare Bluebook and HealthSmart on behalf of the Ambulatory Surgery Center Association found that out-of-pocket costs and deductibles were reduced for commercially insured patients at ASTCs in comparison to hospital outpatient departments, further promoting access to care.[1] A copy of the analysis is attached.

[1] Healthcare Bluebook, Ambulatory Surgery Center Association, and HealthSmart, Commercial Insurance Cost Savings in Ambulatory Surgery Centers, June 2014.

Commercial Insurance Cost Savings in Ambulatory Surgery Centers

Healthcare Bluebook

ASCA
Ambulatory Surgery Center Association

HealthSmart®

Attachment 25

Executive Summary

A review of commercial medical-claims data found that U.S. healthcare costs are reduced by more than $38 billion per year due to the availability of ambulatory surgery centers (ASCs) as an appropriate setting for outpatient procedures. More than $5 billion of the cost reduction accrues to the patient through lower deductible and coinsurance payments. This cost reduction is driven by the fact that, in general, ASC prices are significantly lower than hospital outpatient department (HOPD) prices for the same procedure in all markets, regardless of payer.

The study also looks at the potential savings that could be achieved if additional procedures were redirected to ASCs. As much as $55 billion could be saved annually depending on the percentage of procedures that migrate to ASCs and the mix of ASCs selected instead of HOPDs.

Finally, the study explores additional cost savings that would result if certain inpatient procedures, such as total joint replacements, continue to migrate to ASCs.

This study supplements an earlier review of Medicare costs by researchers at the University of California-Berkeley that showed that ASCs reduce Medicare costs by $2.3 billion annually. *Ambulatory Surgery Center Association, Medicare Cost Savings Tied to ASCs,* (2013), http://www.advancingsurgicalcare.com/medicarecostsavings.

Attachment 25

Introduction and Purpose

The Medicare price differential for common outpatient services delivered in the hospital outpatient department (HOPD) vs. ambulatory surgery center (ASC) environment is well known and documented. On average, Medicare reimburses ASCs at 53 percent of the rate it reimburses HOPDs for the same procedure. The payment gap between services delivered at ASCs rather than HOPDs reduced the Centers for Medicare and Medicaid Services' (CMS) costs by more than $7 billion between 2007 and 2011[1].

While CMS payment rates are publicly available, commercial carrier payment rates are not. Therefore, less is known about the price differences and associated savings that exist between the ASC and HOPD environments for those employers and patients covered by commercial insurance (employer-sponsored insurance or private insurance purchased on the public exchanges and elsewhere).

The following analysis provides an estimate of the significant savings that ASCs currently provide to commercially insured patients, along with potential savings available to the commercially insured population, when shifting care to an ASC setting. This analysis was conducted in a partnership between Healthcare Bluebook, the Ambulatory Surgery Center Association (ASCA) and HealthSmart, a leading provider of third-party administrative services for self-funded employers.

Specifically, the paper discusses each of the following:

1. the estimated cost savings generated by ASCs in the commercially insured U.S. population;
2. the estimated additional cost reductions to be achieved if more cases were to be performed in ASCs;
3. the additional value created as traditional inpatient procedures migrate to ASC settings (e.g., total knee replacements); and
4. examples of HOPD and ASC price disparities within and across regions.

The ASC model was developed in 1970, and Medicare approved payments to ASCs for more than 200 procedures in 1982. Steady growth in the number of ASCs and the number of surgical procedures performed in the outpatient setting, including HOPDs, has continued since. This shift toward outpatient procedures has accelerated due to advancements in medical practice and technology that have reduced the need for overnight hospital stays.

[1] Department of Health and Human Services, Office of Inspector General. (2014, April). *Medicare and Beneficiaries Could Save Billions If CMS Reduces Hospital Outpatient Department Payment Rates For Ambulatory Surgical Center Approved Procedures to Ambulatory Surgical Center Payment Rates.*
Retrieved April 11, 2016, from http://oig.hhs.gov/oas/reports/ region5/51200020.pdf

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Today, many common surgeries are performed as outpatient procedures, and most patients, except those with complicated health conditions, can be served in the outpatient setting. Common ASC procedures include colonoscopies, cataract surgeries, tonsillectomies and arthroscopic orthopedic surgeries. CMS currently approves and reimburses 3,837 procedure codes in the ASC setting, and commercial populations are constantly expanding these boundaries. In fact, some ASCs are performing total joint replacements and other traditionally inpatient procedures with excellent outcomes.

While all HOPDs are hospital owned, most ASCs are at least partially owned by physicians, often in conjunction with hospitals and/or management companies. Sixty-five percent of the more than 5,400 Medicare-licensed ASCs in the U.S. are wholly owned by physicians and operate as small businesses.

A study published in *Health Affairs* analyzed data from the National Survey of Ambulatory Surgery and discovered that procedures performed in ASCs are more efficient, taking 25 percent less time than those performed in hospitals[2]. This efficiency, and corresponding cost-effectiveness, is due largely to the ASCs' focus on a limited number of procedures, their owner/operator culture and specialized nursing and support staff. Because ASCs specialize in providing outpatient surgery, they are able to deliver patient-care services efficiently and conveniently. For example, operating rooms are turned over quickly and are not interrupted by emergency cases. This enables physicians to commence their procedures in a timely manner and use their time more productively. Consequently, ASCs tend to be more convenient and cost effective than HOPDs while still providing excellent care.

[2] Munnich, E. L., & Parente, S. T. (2014). Procedures Take Less Time At Ambulatory Surgery Centers, Keeping Costs Down And Ability To Meet Demand Up. *Health Affairs*, 33(5), 764-769.

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Patients Often Pay Dramatically Different Amounts for the Same Care in the Same Community

Healthcare prices vary dramatically even within the same insurance network and city. For example, in Charleston, West Virginia, the price of a cataract surgery, including payments to the anesthesiologist and physician, can vary from $2,684 to $8,662 depending on the facility where the surgery is performed (Figure 1). In this case prices vary by more than 300 percent, primarily due to the amount charged by the facility – not the physicians. These facility prices vary by almost 600 percent and total more than 70 percent of all dollars spent for cataract surgery in Charleston, WV.

Payments to anesthesiologists vary, partially due to the time component of anesthesia billing, but these payments are the smallest portion of the total cost and are dwarfed by payments to facilities.

Payments to physicians are a more significant portion of total cost, but physicians performing the most expensive cataract surgeries are paid approximately the same as physicians performing the least expensive surgeries. Thus, it is the choice of facility that drives the total price variation.

The consistency of payments to physicians indicates that most physicians are unable to differentiate themselves when negotiating payment rates from insurance companies and, hence, are paid similar rates. Facilities, on the other hand, vary significantly in their service

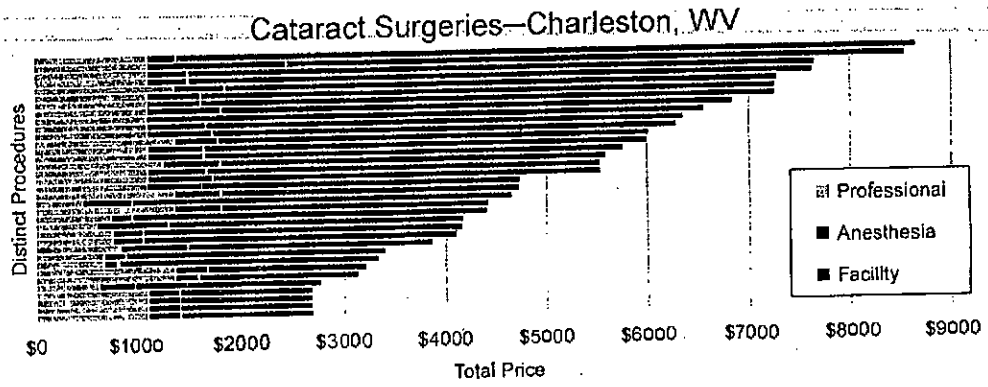

Figure 1

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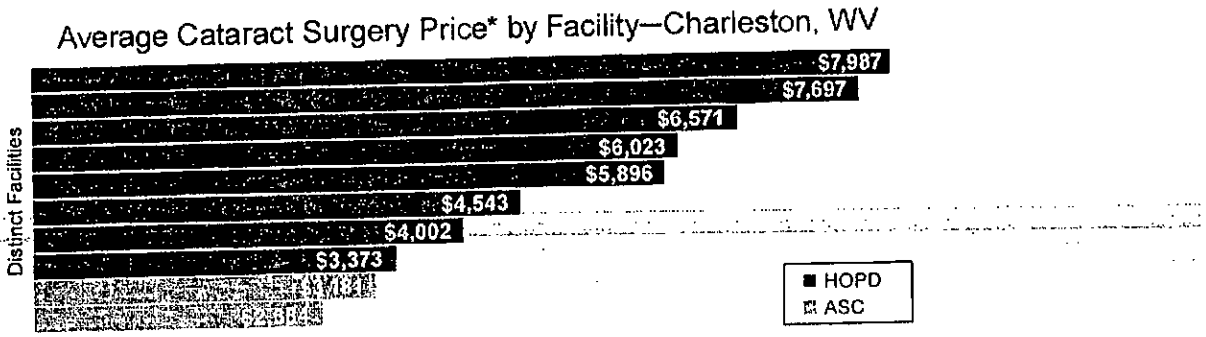
offerings and market power and, therefore, have significantly different negotiated rates with insurance companies.

For example, Hospital A provides emergency, inpatient and outpatient care. Hospital B offers everything Hospital A offers and also operates the only children's hospital in the metropolitan area. Due to this exclusive service line, Hospital B has better negotiating leverage with an insurance company. Importantly, this leverage applies not only to services uniquely performed in the children's hospital, but also to outpatient surgeries, such as cataract surgery, that are performed in other facilities in the area. Since the entire hospital is either in or out of network, all services are negotiated together, allowing Hospital B to demand higher reimbursement for procedures even though equally good, lower-priced alternative sites of service exist in that market area.

Since any ASC will offer fewer services than both Hospital A and B, those ASCs will have less negotiating leverage with commercial carriers and, therefore, often will receive lower reimbursement rates than either Hospital A or B if they want to be included in the insurer's network. While the efficiency inherent in the ASC model explains why ASCs can continue to exist when receiving significantly lower payments, it is the market power of hospitals that widens these price disparities[3,4].

As a result of these factors, the total price of a procedure performed at an ASC is generally significantly lower than the total price of the same procedure performed in an HOPD. For example, the average price of cataract surgery at an ASC in Charleston, West Virginia, is $2,932, including the physician and anesthesiologist payments, while the average price at an HOPD is $5,762 (Figure 2). In this example,



* Includes allowed amounts for all claim components: anesthesia, professional and facility.

Figure 2

[3] Neprash, H.T., BA, Chernew, M.E., PhD, Hicks, A.L., MS, Gibson, T., PhD, & McWilliams, M., MD, PhD, (2015, October). Association of Financial Integration Between Physicians and Hospitals With Commercial Health Care Prices. *Journal of the American Medical Association.*

[4] The Robert Wood Johnson Foundation, Martin Gaynor, PhD & Robert Town, PhD. (2012, June). *The impact of hospital consolidation – Update.*
Retrieved April 20, 2016, from http://www.rwjf.org/en/library/research/2012/06/the-impact-of-hospital-consolidation.htm

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the average price for a cataract surgery at the least expensive facility was $2,684, including the payments to anesthesiologists and physicians. At the most expensive facility, the average price was $7,987. ASCs are at the low end of the spectrum and HOPDs are at the high end.

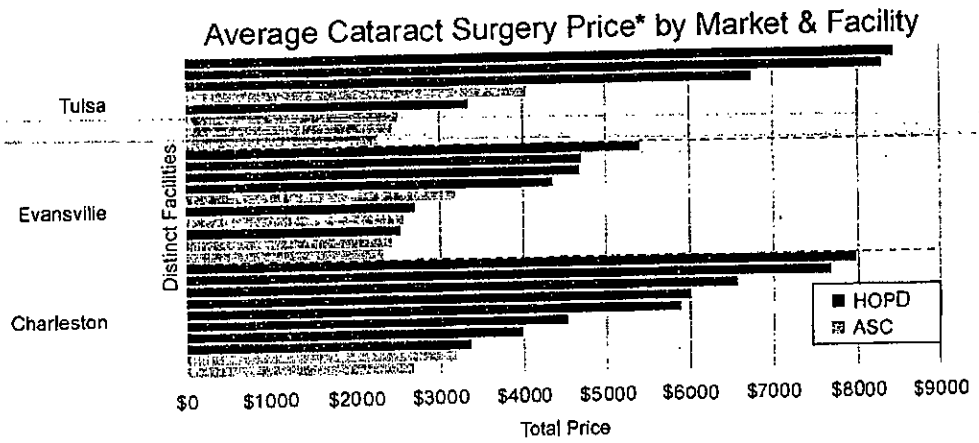
This commercial price differential between the ASC and HOPD environments is persistent across metropolitan areas (Figure 3), insurance carriers and procedure categories, with the degree of price variability related to local market factors.

Summary of Methodology

All analysis was conducted using a sample of de-identified commercial claims data for calendar year 2014 from HealthSmart. This data represents more than 400,000 lives across all regions of the U.S. The CMS list of ASC-eligible procedure codes, with a few additions reflecting those prevalent in a commercial population (pediatric-related codes, OB/GYN-related codes, etc.), was used to identify the spending on procedures that can be performed in an ASC.

Total price of service was included in the analysis (facility fees, professional fees and anesthesia fees, where relevant). Based on the commercial population considered, these services accounted for about 19 percent of total medical spend, or $890 per person for the year. All prices are calculated using the "allowed" amount, which reflects the actual amount a provider received after any discounts were applied.

Thirteen high-volume outpatient procedures were used as proxies to analyze the price differential between the ASC and HOPD environments and estimate the percentage of spending that could be saved by performing the procedures in ASCs instead of HOPDs. An adjustment was made to account for the fact that some high-risk patients are not candidates



* Includes allowed amounts for all claim components: anesthesia, professional and facility.

Figure 3

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for ASC-based care (patients with high comorbidities are traditionally directed to an HOPD in order to be closer to critical-access care). This adjusted percentage was applied to the $890 ASC-eligible spend per person and then scaled by the commercially insured U.S. population to estimate the national savings potential.

All estimates are based on the calendar year 2014 data. No adjustments were made to account for population aging or increasing utilization of ASC-eligible services. (See Appendix A: Methodology and Appendix B: Adjustments for ASC Ineligibility for a more detailed explanation of the methodology.)

Current ASC Use Reduces Private Healthcare Costs by $38 Billion Annually

The lower cost of care in ASCs relative to HOPDs saves employers and consumers tens of billions of dollars a year. For the commercially insured population in the U.S., an estimated $37.8 billion is saved annually by using ASCs. Stated differently, if all of the procedures currently performed in ASCs for the commercially insured population in the U.S. were performed in HOPDs, the cost of those procedures would increase by $37.8 billion in just one year.

Annual Savings from Procedures Performed in ASCs	
% of Common ASC Procedures Currently Performed at ASCs	48%
Current Annual Savings	$37.8 B
Potential Additional Annual Savings	$38.2 B
Potential Additional Annual Savings from Optimal Migration to ASCs	$55.6 B

Potential Cost Reductions Attributed to ASCs

Despite the savings detailed above, for commercially insured populations, only 48 percent of procedures commonly performed in ASCs are actually performed in ASCs. If the remaining 52 percent were performed at ASC price points, an additional $41 billion in healthcare costs could be saved annually.

As a practical matter, ASCs would not be the appropriate setting for a small percentage of patients (e.g., those with serious health issues) currently treated in HOPDs. For example, patients on dialysis (0.1 percent of Americans) are not ASC eligible for certain procedures. When ASC-ineligible cases are accounted for, the total potential annual savings from performing the surgeries in ASCs instead of HOPDs is $38.2B. (This assumes 3 percent of relevant cases are ASC ineligible. See Appendix B: Adjustments for ASC Ineligibility.)

The average ASC price, however, is a blend of both lower-priced and higher-priced ASCs. The optimal migration of cases would shift cases from HOPDs to the local low-price ASCs. If patients were directed to low-price ASCs only, the potential annual savings increases from $38.2 billion to $55.6 billion.

Migrating a meaningful number of patients to lower-cost ASC settings would, undoubtedly, also have the added benefit of causing HOPDs

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to consider price reductions in order to maintain their market share. While this study did not attempt to model the competitive reactions of HOPDs if confronted with a significant loss of patient volume, fundamental economic principles as well as a recent study that looked at the impact of reference-based pricing on patient choices concluded that hospitals did, in fact, lower their pricing for certain procedures in response to a loss of market share to competing ASCs[5].

Potential Savings Can Grow if ASCs Can Perform More Complex Procedures

With advances in surgical techniques, pain management and post-surgical care, more procedures traditionally performed in the inpatient setting are being shifted to ASCs. This creates an expanding frontier for reducing healthcare costs. As an example, total hip and total knee replacements, which currently account for about 1.5 percent of total medical spend, are now being performed safely in ASCs in a limited number of markets. The potential savings are significant. Assuming that the price differential and the rate of ASC ineligibility due to comorbidities for total joint replacement will be commensurate with other outpatient procedures, $3.2 billion could be saved by moving total hip and knee replacements to ASCs. (See Appendix A: Methodology.)

Projected National Cost Reductions

To realize the potential cost reductions highlighted above, several things need to happen. On the supply side, ASC capacity will have to double in order to support the migration from HOPDs.

On the demand side, patients must be educated and incentivized to choose ASCs for their outpatient procedures. As premiums rise and adoption of high-deductible health plans increases, patients have greater incentives to reduce their costs by choosing ASC-based care, but education is lacking. Though healthcare transparency has made significant advancements in recent years, most patients are still unaware of the lower costs that ASCs offer.

Even modest changes in market share produce massive savings for the entire health system. For example, if an additional 5 percent of current HOPD cases were moved to ASCs annually over the next ten years, $113.8 billion would be saved compared to current utilization rates (Table 1). This assumes that the annual potential ASC savings is currently $41.4 billion:

Ten-Year Savings Projection

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Potential Savings	$41.4 B	$41.4 B	$41.4 B	$41.4 B	$41.4 B	$41.4 B	$41.4 B	$41.4 B	$41.4 B	$41.4 B	$413.7 B
Percent of Savings Captured	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	25%
Savings	$2.1 B	$4.1 B	$6.2 B	$8.3 B	$10.3 B	$12.4 B	$14.5 B	$16.5 B	$18.6 B	$20.7 B	$113.8 B

Table 1

[5] Robinson, J., et. al. (2015, March). Reference-Based Benefit Design Changes Consumers' Choices And Employers' Payments For Ambulatory Surgery. *Health Affairs.*

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$38.2 billion from current ASC-eligible procedures above plus $3.2 billion from total knee and hip replacement.

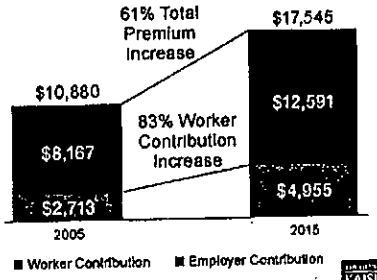
For ASC eligible procedures in this study, patients were responsible for 15 percent of the cost on average. That would mean $17.1 billion in reduced costs for patients over the next ten years (Figure 4). If 3 percent or 8 percent of HOPD cases were moved to ASCs annually, ten-year savings would be $68.3 billion and $182 billion respectively (Table 2).

Projected National Cost Reduction	
Plan Sponsor Savings	$96.7 B
Patient Savings	$17.1 B
Total Savings	$113.8 B

Figure 4

These estimates do not account for inflation or upward trends in medical spending. They also do not take into account the potential that HOPD pricing will decrease in order to compete with ASCs, which would create further outpatient savings. As referenced above, in the CalPERS reference pricing program, high-priced providers will reduce prices to be competitive and attract price-sensitive consumers.

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2005-2015



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2015

Reducing Costs for Employers and Employees

From 2005 to 2015, average health insurance premiums for employer-sponsored family coverage increased 61 percent, from $10,880 to $17,545 per year. To combat these rising costs, employers have increasingly adopted Consumer Driven Health Plans (CDHP) and account-based plan types, shifting costs to employees. This has driven the average employee's share of healthcare spending up 81 percent in the same time period, from $2,713 to $4,955[6] annually. This highlights the need for programs like price transparency that can help patients identify better value providers within their networks so that employers and their employees both can lower costs.

Ten-Year Savings Projections

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Savings at 3% Additional Capture	$1.2 B	$2.5 B	$3.7 B	$5.0 B	$6.2 B	$7.4 B	$8.7 B	$9.9 B	$11.2 B	$12.4 B	$68.3 B
Savings at 5% Additional Capture	$2.1 B	$4.1 B	$6.2 B	$8.3 B	$10.3 B	$12.4 B	$14.5 B	$16.6 B	$18.6 B	$20.7 B	$113.8 B
Savings at 8% Additional Capture	$3.3 B	$6.6 B	$9.9 B	$13.2 B	$16.5 B	$19.8 B	$23.2 B	$26.5 B	$20.0 B	$33.1 B	$182.0 B

Table 2

[6] Henry J. Kaiser Family Foundation. (2015, September). *Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2015.* Retrieved April 10, 2016, from http://kff.org/health-costs/report/2015-employer-health-benefits-survey/

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For example, in Charlotte, NC, the average ASC price for a knee arthroscopy was $6,118, while the average HOPD price was $12,493, more than twice as expensive. That means $6,375 is seved on average in Charlotte, NC, when a patient chooses an ASC for a knee arthroscopy. How those savings are divided between the payer and the patient depends on the plan design.

For a knee arthroscopy in Charlotte, NC, if a patient has e Silver Plan as defined by the Affordable Care Act, with a $2,700 deductible, 80 percent coinsurance and $5,000 maximum out of pocket, the patient would save $1,275—more than the median family's weekly income. The remaining $5,100 would be saved by the payer. For self-funded employer-sponsored insurance, that is $5,100 directly to the bottom line for the employer.

Applying the same plan design to the earlier example of cataract surgery in Charleston, WV, a patient would save $566 by choosing an ASC instead of an HOPD. This is a significant savings in a geographic area where annual income per capita is less than $35,000[7]. The payer would realize an additional savings of $2,264.

Estimating Savings for Self-Insured Populations

For employers that self insure, it is reasonably straightforward to estimate the potential cost reductions from ASCs for their covered employees. With $890 in ASC-eligible spending per commercially insured person and 20.6 percent savings opportunity from moving all ASC-eligible cases from HOPDs to ASCs, $183 in potential ASC savings exists per commercially insured person. A self-funded employer with 1,000 employees is normally covering more than 2,000 lives, when employees and dependents are counted, which means a potential ASC-based savings of more than $366,000 for the employer and employees.

Conclusion

Billions of dollars spent each year on commercially insured outpatient surgeries and procedures can be reduced, without compromising quality, if more cases migrate to ambulatory surgery centers. While a small percentage of patients have health conditions that require outpatient care to be received in proximity to a full-service hospital should complications arise, most patients can receive the same level of care at lower cost by seeking treatment in an ASC. Advances in medical technology and pain control are allowing increasingly complex procedures, such as total joint replacements, to be performed in an outpatient setting.

Policymakers, insurers, employers and beneficiaries all have a shared interest in reducing healthcare costs, and the $38 billion in annual savings identified in this study highlight the role that ASCs already play in controlling these costs. Strategies should be implemented to generate additional savings by ensuring that the most efficient site of service for outpatient care is selected whenever possible. In particular, innovative plan design and increased consumer awareness of the benefits of receiving care in an ASC can save thousands of dollars per procedure.

[7] United States Census Bureau. (2014). *2010–2014 American Community Survey 5-Year Estimates.* Retrieved April 30, 2016, from http://www.census.gov/

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About the authors/organizations

Ambulatory Surgery Center Association (ASCA)

ASCA is the national membership association that represents ASCs of all specialties and provides advocacy and resources to assist ASCs in delivering high quality, cost-effective ambulatory surgery to all the patients they serve.

Healthcare Bluebook

Healthcarebluebook.com, headquartered in Nashville, TN, is a leading provider of health-care price and quality transparency solutions to employers, third-party administrators (TPA), health plans and provider organizations. Healthcare Bluebook products help employers and employees save money by enabling consumers to understand local health-care prices, compare providers on price and quality and shop for care anywhere in the U.S.

HealthSmart

For more than 40 years, HealthSmart has offered a wide array of customizable and scalable health-plan solutions for self-funded employers. HealthSmart's comprehensive service suite addresses individual health from all angles. This includes claims and benefits administration, provider networks, pharmacy, benefit-management services, business intelligence, onsite employer clinics, care management, a variety of health and wellness initiatives and Web-based reporting.

Appendix A: Methodology

Data Source

All analysis was conducted using a national sample of de-identified commercial claims for calendar year 2014.

Estimating Potential ASC Savings for the Commercially Insured U.S. Population

The estimated potential ASC savings for the commercially insured U.S. population is calculated as:

Equation 1

Addressable Spend per Commercially Insured Person	X	Percent Savings from ASCs	X	Commercially Insured Population
$890		20.6%		208.5M

Estimating the Addressable Spend per Commercially Insured Patient

The addressable spend is the expenditure on any procedure that could be performed in an ASC for an ASC-eligible patient, whether that patient is ASC eligible or not. (Adjustments for ASC ineligible are made later in the process. See Appendix B: Adjustments for ASC ineligibility.) All prices are calculated using the allowed amount, which is the actual amount a provider receives after any discounts are applied.

CMS currently covers 3,837 procedure codes in the ASC setting. Procedure codes from select Healthcare Bluebook ShopSmart™ procedures were added to the CMS list to produce a complete ASC-eligible procedure code list. These procedure codes were used to identify procedures in one

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year of medical-claims data. For each procedure performed in an ASC or HOPD, the total anesthesia, professional and facility payments were included as part of the procedure price. All office-based, inpatient-based and emergent care was excluded. When the total payments from this process were divided by the total members in the represented population, the annual addressable spend per person was $890.

Estimating Percent Savings from ASCs

To estimate the percent savings from ASCs, thirteen high-volume procedures were used as proxies to represent all ASC procedures. These procedures were selected for their high volume and standardization. The average ASC price was calculated for each procedure in each metropolitan market across the U.S.

The potential ASC savings is the sum of the differences between the price of each HOPD case and the average ASC case price for that metropolitan market and procedure combination. Market and procedure combinations with limited data volume were excluded.

Equation 2

$$\text{potential ASC savings} = \sum_{m,p,h} cost_{m,p,h} - average_ASC_price_{m,p}$$

m = market
p = procedure
h = HOPD case

To produce the ASC savings as a percentage, the potential ASC savings was divided by the total spend for all analyzed markets and procedures and multiplied by one hundred.

Equation 3

$$\text{percent savings from ASCs} = \sum_{m,p,h} \frac{\text{potential ASC savings}}{\text{total spend}} \times 100$$

Estimating Potential Savings from Total Hip & Total Knee Replacements

To estimate potential savings from moving total hip and knee replacements to the ASC setting, Equation 1 from above was used, but with $73.59 as the addressable spend per commercially insured person. This represents 1.5 percent of total medical spend per commercially insured person. The 20.6 percent savings opportunity was not changed because there are not currently enough markets offering ASC-based joint replacement to use as a representation of the entire U.S. However, the savings opportunity may be as much as double this estimate based on markets that currently have ASC-based total joint replacements.

Appendix B: Adjustments for ASC Ineligibility

Some patients will not qualify for treatment in an ASC setting due to comorbidities or other complicating factors. To account for this, potential ASC savings were estimated using three assumptions for what percent of the commercially insured population is ASC ineligible: 1 percent, 3 percent and 7

percent. These percentages were selected based on prevalence rates for three common conditions that may make patients ineligible for care at an ASC for some procedures (Table 3).

Seven percent ASC ineligibility is the upper limit of this sensitivity analysis since it is the sum of the prevalence rates of all three conditions, which are not independent and which don't necessarily disqualify patients from ASC-based care. For example, a patient with a body mass index (BMI) of 41 could still be cared for in an ASC for most if not all procedures performed in an ASC. However, a patient with a BMI of 45 would qualify for fewer procedures in an ASC setting.

Three percent was selected as the expected rate of ASC ineligibility in a commercially insured population. This, however, could still be an overestimation, so we have also included the one-percent ASC-ineligibility threshold.

For each of these ASC-ineligibility rates, a corresponding number of cases per market/procedure combination were assumed to be performed at the average HOPD price and excluded from the migration calculation. See Table 4 for the sensitivity impact on estimated savings.

Common Conditions that Effect ASC Eligibility

Condition	Prevalence (% of U.S. Population)	Notes
Latex Allergy	< 1%	Some ASCs are not equipped with a latex-free operating room.
CKD (with Dialysis)	0.1%	Not a disqualifying condition for all procedures performed in ASCs.
BMI > 40	6.3%	Patients with BMI > 45 are almost always ASC ineligible. Not all patients with BMI between 40 and 45 are ASC ineligible.

Table 3

Effect of ASC-ineligibility on Potential Savings

	Savings as % of Total Addressable Spend	Potential Annual Savings
0% ASC Ineligible	22.1%	$41.0 B
1% ASC Ineligible	21.6%	$40.1 B
3% ASC Ineligible	20.6%	$38.2 B
7% ASC Ineligible	18.6%	$34.5 B

Table 4

Appendix C: Savings Examples

Procedure prices in most U.S. markets can vary by as much as 500 percent. In most cases, when present, ASCs provide the best value.

Procedure	Market	Lowest Price Provider Type	Lowest Price	Average ASC Price	Average HOPD Price	Average Price Difference
Cataract Surgery	Charleston, WV	ASC	$2,984	$2,932	$5,762	$2,830
Cataract Surgery	Evansville, IN	ASC	$2,450	$3,316	$6,992	$3,976
Cataract Surgery	Tulsa, OK	ASC	$2,249	$2,249	$3,833	$1,335
Knee Arthroscopy	Fayetteville, NC	ASC	$5,924	$7,658	$11,575	$3,917
Knee Arthroscopy	Charlotte, NC	ASC	$5,894	$6,116	$12,483	$6,375
Knee Arthroscopy	Tulsa, OK	ASC	$2,627	$2,844	$4,907	$1,863
Knee Arthroscopy	Phoenix, AZ	ASC	$2,355	$2,972	$4,306	$1,334

Attachment 25

ATTACHMENT 25

Section VI. Service Specific Review Criteria
G. Non-Hospital Based Ambulatory Surgery

Criterion 1110.1540(h)—Unnecessary Duplication/Maldistribution

1. **Unnecessary Duplication of Services**

   a. A map of the proposed facility's market area is attached. A list of all zip codes located, in total or in part, within 45 minutes normal travel time of the site of the proposed facility as well as 2015 census estimates for each zip code is provided in Table 1110.1540(h)(1).

   b. A list of all existing and approved health care facilities located within the Geographic Service area that provide the surgical services proposed by the Project is attached.

2. **Maldistribution of Services**

   The Applicants' proposed ASTC will not adversely affect existing hospitals and ambulatory surgical treatment centers in the market area, because the Applicants currently operate an ASTC, and such ASTC is currently the only multi-specialty ASTC in Kane County. In addition, the Applicants propose to eliminate one operating room and add one procedure room, thus actually reducing the number of operating rooms in the GSA.

   a. **Ratio of Stations to Population**

      As shown in Table 1110.1540(h)(2)(A), the ratio of operating and procedure rooms to population is 79% of the State Average, lower than one and one-half times the State average.

Table 1110.1540(h)(2)(A)
Ratio of Stations to Population

	Population	Operating & Procedure Rooms	Operating & Procedure Rooms to Population
Geographic Service Area	2,710,219	463	1:5,854
State	12,815,607	2,761	1:4,642

3. **Impact on Other Providers**

   The proposed ASTC will not lower the utilization of other area providers because the Applicants already operate an ASTC approximately one-quarter (1/4) mile from the proposed ASTC. The Applicants will discontinue its existing ASTC in order to build a

replacement state-of-the-art facility for its patients and clinicians, thereby making the impact on other providers minimal.

United States Census Bureau

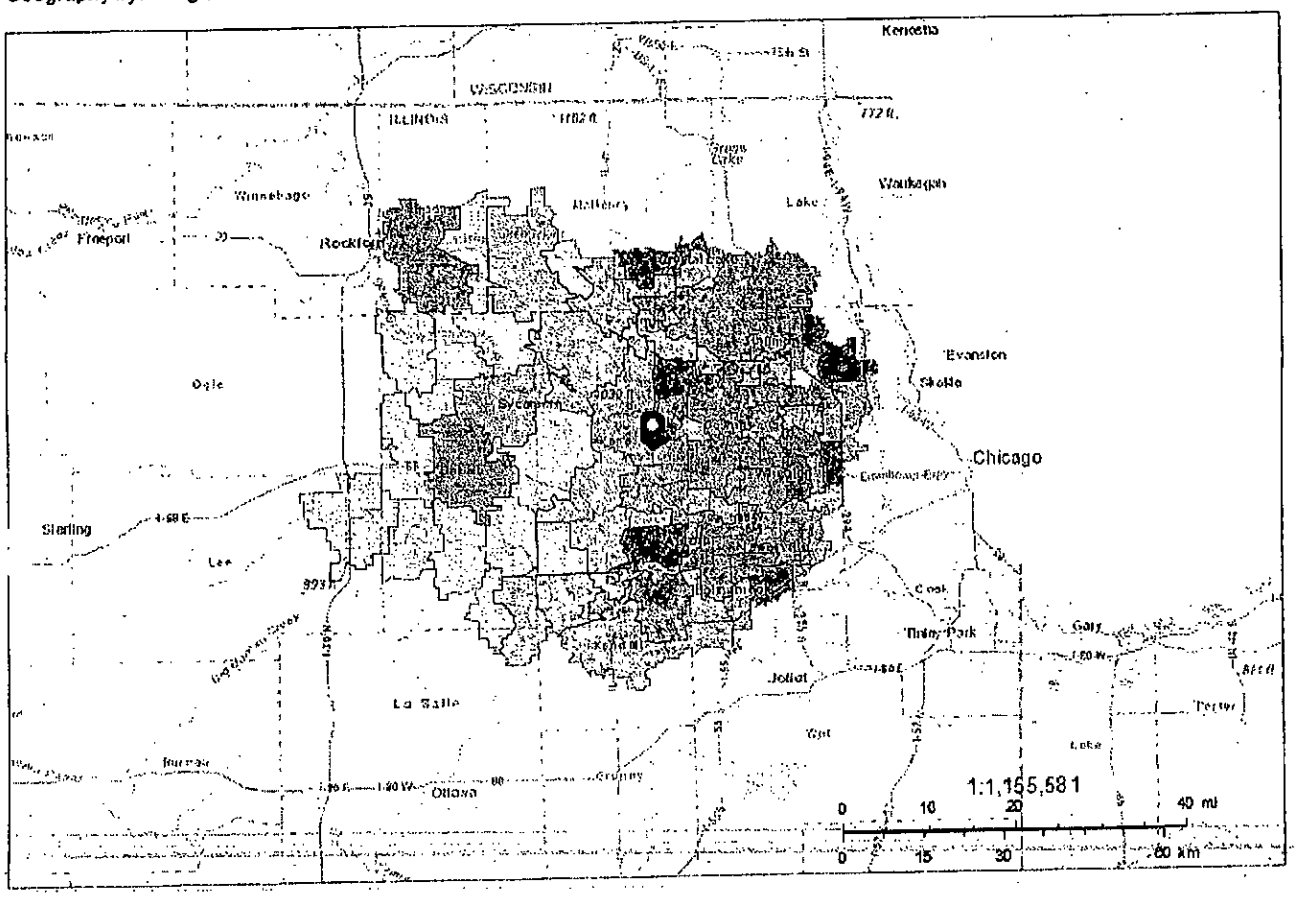
AMERICAN FactFinder

01003

TOTAL POPULATION
Universe: Total population
2011-2015 American Community Survey 5-Year Estimates

Zip Code Areas by Population within 45mins Travel Time to 2475 Dean St., St. Charles, IL 60175

Thematic Map of Estimate; Total
Geography by: 5-Digit ZCTA



Legend

Data Classes
- 72 - 7,338
- 9,812 - 19,164
- 20,083 - 32,333
- 32,813 - 45,982
- 47,403 - 76,016

Boundaries
No Legend

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Data and Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

Tell us what you think. Provide feedback to help make American Community Survey data more useful for you.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census

Attachment 25

Planning Area HSA or HPA	List of Facilities Located in the GSA Providing ASTC Services Facility Name	City	Travel Time (minutes)
001	Hauser Ross Eye Institute Surgery Center	Sycamore	30-33
001	Midland Surgical Center	Sycamore	32-35
001/B-04	Northwestern Kishwaukee Hospital	DeKalb	33-36
001/B-04	Northwestern Valley West Hospital	Sandwich	42-46
007	Advantage Health Care LTD	Wood Dale	41-44
007/A-05	Adventist GlenOaks Hospital	Glendale Heights	29-39
007/A-05	Adventist Hinsdale Hospital	Hinsdale	45-49
007/A-05	Advocate Good Samaritan Hospital	Downers Grove	38-43
007	Aiden Center for Day Surgery LLC	Addison	36-38
007/A-07	Alexian Brothers Medical Center	Elk Grove Village	37-47
007	Ambul. Surgicenter of Downers Grove	Downers Grove	38-40
007	Apollo Health Center	Des Plaines	44-52
007	Ashton Center for Day Surgery	Hoffman Estates	28-29
007	Cadence Ambulatory Surgery Center	Warrenville	29-30
007/A-05	Central DuPage Hospital	Winfield	24-30
007	Chicago Surgical Clinic	Arlington Heights	44-50
007	DMG Surgical Center	Lombard	37-42
007	DuPage Eye Surgery Center	Wheaton	27-34
007/A-05	Edward Hospital	Naperville	38-45
007	Elmhurst Foot & Ankle Surgery Center	Elmhurst	44-47
007/A-05	Elmhurst Memorial Hospital	Elmhurst	42-45
007	Elmhurst Outpatient Surgery Center	Elmhurst	41-46
007	Illinois Hand & Upper Extremity Center	Arlington Heights	38-44
007	Loyola Amb. Surg. Ctr. at Oakbrook	Oakbrook Terrace	41-45
007	Midwest Center for Day Surgery	Downers Grove	41-42
007	Midwest Endoscopy Center	Naperville	40-42
007	Naperville Fertility Clinic	Naperville	32-34
007	Naperville Surgical Center	Naperville	39-40
007	Northwest Community Day Surg.	Arlington Heights	42-47
007/A-07	Northwest Community Hospital	Arlington Heights	43-49
007	Northwest Endoscopy Center	Arlington Heights	41-47
007	Northwest Surgicare HealthSouth	Arlington Heights	40-44
007	Oak Brook Surgical Center, The	Oakbrook	41-42
007	Rush Oak Brook Surgery Center	Oakbrook	43-45
007	Salt Creek Surgery Center	Westmont	43-45
007	Schaumburg Surgery Center	Schaumburg	34-36
007/A-07	St. Alexius Medical Center	Hoffman Estates	31-37
007	The Center for Surgery	Naperville	31-32
007	The Hoffman Estates Surgery Center	Hoffman Estates	31-35
008	Advocate Sherman ASTC	Elgin	13-17
008/A-11	Advocate Sherman Hospital	Elgin	27-31
008	Algonquin Road Surgery Center LLC	Lake in the Hills	32-36
008	Barrington Pain and Spine Institute	Barrington	41-44
008	Castle Surgicenter LLC	Aurora	35-38
008/A-10	Centegra Hospital - Huntley	Huntley	35-39
008/A-10	Centegra Hospital - Woodstock	Woodstock	44-50
008/A-12	Delnor Community Hospital	Geneva	7-10
008	Dreyer Ambulatory Surgery Center	Aurora	20-25
008	Elgin Gastroenterology Endoscopy Center	Elgin	18-24
008	Fox Valley Orthopaedic Associates	Geneva	8-12
008/A-12	Presence Mercy Medical Center	Aurora	21-26
008/A-11	Presence Saint Joseph Hospital - Elgin	Elgin	18-25
008/A-12	Rush-Copley Medical Center	Aurora	35-41
008	Tri-Cities Surgery Center LLC	Geneva	8-11
008	Valley Ambulatory Surgery Center	St. Charles	8-10
009	DMG Center for Pain Management	Naperville	40-41
009	Kendall Pointe Surgery Center LLC	Oswego	34-39

Attachment 25

ATTACHMENT 25

Section VI. Service Specific Review Criteria
G. Non-Hospital Based Ambulatory Surgery

Criterion 1110.1540(i)—Staffing

Valley Ambulatory Surgery Center, L.P. will be staffed in accordance with all State and Medicare staffing requirements. It will be staffed as follows:

1 Administrator
1 Nurse Anesthetist
1 Director of Nursing
19 Registered Nurses
9 Other Health Professionals
9 Other Non-Health Professionals

The necessary staffing will be achieved by utilizing the staff from the existing Valley Ambulatory Surgery Center.

ATTACHMENT 25

Section VI. Service Specific Review Criteria
G. Non-Hospital Based Ambulatory Surgery

Criterion 1110.1540(j)—Charge Commitment

a. A list of the procedures to be performed at the Valley Ambulatory Surgery Center, L.P. with the proposed charges is provided in the attached chart.

b. A letter from Valley Ambulatory Surgery Center, L.P. committing to maintain the above charges for the first two years of operation is attached.

October 13, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761
Attn: Courtney Avery, Administrator

RE: Charge Commitment

Dear Ms. Avery:

Pursuant to 77 Ill. Admin. Code 1110.1540(j), a statement of all charges, except for any professional fees, is attached to this letter. I hereby commit that the attached charge schedule will not be increased, at a minimum, for the first two (2) years of operation following the establishment and opening of the proposed ASTC, which will be located at 2475 Dean Street, St. Charles, Illinois.

Respectfully submitted,

Teresa Sparks, Chief Financial Officer

NOTARY:

Subscribed and sworn to me this 13 day of October, 2017.

Linda Lyons

Notary Public

My Commission expires: 7-6-20

Seal:

LINDA LYONS
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

CPT	Description	Charge Master
21920	Biopsy soft tissue of back	$1,500.00
21925	Biopsy soft tissue of back	$3,129.84
21930	Exc back les sc < 3 cm	$3,129.84
21931	Exc back les sc 3 cm/>	$3,129.84
21932	Exc back tum deep < 5 cm	$6,192.18
21933	Exc back tum deep 5 cm/>	$6,192.18
21935	Resect back tum < 5 cm	$6,192.18
21936	Resect back tum 5 cm/>	$6,192.18
22010	I&d p-spine c/t/cerv-thor	$15,906.54
22015	I&d abscess p-spine l/s/ls	$15,906.54
22100	Remove part of neck vertebra	$15,906.54
22101	Remove part thorax vertebra	$15,906.54
22102	Remove part lumbar vertebra	$15,906.54
22103	Remove extra spine segment	$15,906.54
22110	Remove part of neck vertebra	$15,906.54
22112	Remove part thorax vertebra	$15,906.54
22114	Remove part lumbar vertebra	$15,906.54
22116	Remove extra spine segment	$15,906.54
22206	Incis spine 3 column thorac	$15,906.54
22207	Incis spine 3 column lumbar	$15,906.54
22208	Incis spine 3 column adl seg	$15,906.54
22210	Incis 1 vertebral seg cerv	$15,906.54
22212	Incis 1 vertebral seg thorac	$15,906.54
22214	Incis 1 vertebral seg lumbar	$15,906.54
22216	Incis addl spine segment	$15,906.54
22220	Incis w/discectomy cervical	$15,906.54
22222	Incis w/discectomy thoracic	$15,906.54
22224	Incis w/discectomy lumbar	$15,906.54
22226	Revise extra spine segment	$15,906.54
22310	Closed tx vert fx w/o manj	$2,087.64
22315	Closed tx vert fx w/manj	$4,175.28
22318	Trest odontoid fx w/o graft	$15,906.54
22319	Trest odontoid fx w/graft	$15,906.54
22325	Treat spine fracture	$15,906.54
22326	Treat neck spine fracture	$15,906.54
22327	Trest thorax spine fracture	$15,906.54
22328	Treat each add spine fx	$15,906.54
22505	Manipulation of spine	$4,175.28
22510	Perq cervicothoracic inject	$7,317.24
22511	Perq lumbosacral injection	$7,317.24
22512	Vertebroplasty addl inject	$7,317.24
22513	Perq vertebral augmentation	$15,906.54
22514	Perq vertebral augmentation	$15,906.54
22515	Perq vertebral augmentation	$42,054.92
22532	Lat thorax spine fusion	$42,054.92
22533	Lat lumbar spine fusion	$42,054.92
22534	Lat thor/lumb addl seg	$42,054.92
22548	Neck spine fusion	$42,054.92
22551	Neck spine fuse&remov bel c2	$42,052.92
22552	Addl neck spine fusion	$42,054.92
22554	Neck spine fusion	$41,644.14
22558	Thorax spine fusion	$42,054.92
22558	Lumbar spine fusion	$42,054.92
22585	Additional spinal fusion	$42,054.92
22586	Presacr fuse w/ instr (5-e1	$42,054.92
22590	Spine & skull spinal fusion	$42,054.92
22595	Neck spinal fusion	$42,054.92
22600	Neck spine fusion	$42,054.92
22610	Thorax spine fusion	$42,054.92
22612	Lumbar spine fusion	$29,888.52
22614	Spine fusion extra segment	$42,054.92
22630	Lumbar spine fusion	$42,054.92
22632	Spine fusion extra segment	$42,054.92
22633	Lumbar spine fusion combined	$42,054.92
22634	Spine fusion extra segment	$42,054.92
22800	Post fusion <6 vert seg	$42,054.92
22802	Post fusion 7-12 vert seg	$42,054.92
22804	Post fusion 13/> vert seg	$42,054.92
22808	Ant fusion 2-3 vert seg	$42,054.92
22810	Ant fusion 4-7 vert seg	$42,054.92
22812	Ant fusion 8/> vert seg	$42,054.92
22818	Kyphectomy 1-2 segments	$42,054.92
22819	Kyphectomy 3 or more	$42,054.92
22830	Exploration of spinal fusion	$42,054.92
22840	Insert spine fixation device	$42,054.92
22841	Insert spine fixation device	$42,054.92
22842	Insert spine fixation device	$42,054.92
22843	Insert spine fixation device	$42,054.92

CPT	Description	Charge Master
28515	Treatment of toe fracture	$4,175.28
28525	Treat toe fracture	$7,317.24
28530	Treat sesamoid bone fracture	$15,906.54
28531	Treat sesamoid bone fracture	$15,906.54
28540	Treat foot dislocation	$4,175.28
28545	Treat foot dislocation	$10,051.82
28546	Treat foot dislocation	$4,175.28
28555	Repair foot dislocation	$15,906.54
28570	Treat foot dislocation	$7,317.24
28575	Treat foot dislocation	$7,317.24
28576	Treat foot dislocation	$4,175.28
28585	Repair foot dislocation	$21,614.22
28600	Treat foot dislocation	$7,317.24
28605	Treat foot dislocation	$7,317.24
28606	Treat foot dislocation	$7,317.24
28615	Repair foot dislocation	$15,906.54
28630	Treat toe dislocation	$4,175.28
28635	Treat toe dislocation	$4,175.28
28636	Treat toe dislocation	$7,317.24
28645	Repair toe dislocation	$7,317.24
28660	Treat toe dislocation	$4,175.28
28665	Treat toe dislocation	$4,175.28
28666	Treat toe dislocation	$7,317.24
28675	Repair of toe dislocation	$7,317.24
28705	Fusion of foot bones	$68,319.26
28715	Fusion of foot bones	$41,697.48
28725	Fusion of foot bones	$29,888.52
28730	Fusion of foot bones	$42,380.48
28735	Fusion of foot bones	$41,616.24
28737	Revision of foot bones	$42,817.14
28740	Fusion of foot bones	$21,562.86
28750	Fusion of big toe joint	$21,681.78
28755	Fusion of big toe joint	$15,906.54
28760	Fusion of big toe joint	$15,906.54
28800	Amputation of midfoot	$29,888.52
28805	Amputation thru metatarsal	$29,888.52
28810	Amputation toe & metatarsal	$7,317.24
28820	Amputation of toe	$7,317.24
28825	Partial amputation of toe	$7,317.24
28890	Hi energy eswt plantar fascia	$7,317.24
28899	Foot/toes surgery procedure	$7,317.24
29000	Application of body cast	$1,500.00
29010	Application of body cast	$1,500.00
29015	Application of body cast	$1,500.00
29035	Application of body cast	$1,500.00
29040	Application of body cast	$1,500.00
29044	Application of body cast	$1,500.00
29046	Application of body cast	$1,500.00
29049	Application of figure eight	$1,500.00
29055	Application of shoulder cast	$1,500.00
29058	Application of shoulder cast	$1,500.00
29065	Application of long arm cast	$1,500.00
29075	Application of forearm cast	$1,500.00
29085	Apply hand/wrist cast	$1,500.00
29086	Apply finger cast	$1,500.00
29105	Apply long arm splint	$1,500.00
29125	Apply forearm splint	$1,500.00
29126	Apply forearm splint	$1,500.00
29130	Application of finger splint	$1,500.00
29131	Application of finger splint	$1,500.00
29200	Strapping of chest	$1,500.00
29240	Strapping of shoulder	$1,500.00
29260	Strapping of elbow or wrist	$1,500.00
29280	Strapping of hand or finger	$1,500.00
29305	Application of hip cast	$1,500.00
29325	Application of hip casts	$1,500.00
29345	Application of long leg cast	$1,500.00
29355	Application of long leg cast	$1,500.00
29358	Apply long leg cast brace	$1,500.00
29365	Application of long leg cast	$1,500.00
29405	Apply short leg cast	$1,500.00
29425	Apply short leg cast	$1,500.00
29435	Apply short leg cast	$1,500.00
29440	Addition of walker to cast	$1,500.00
29445	Apply rigid leg cast	$1,500.00
29450	Application of leg cast	$1,500.00
29505	Application long leg splint	$1,500.00
29515	Application lower leg splint	$1,500.00

CPT	Description	Charge Master
49654	Lap inc hernia repair	$19,665.00
49655	Lap inc horn repair comp	$19,665.00
49658	Lap inc hernia repair recur	$19,665.00
49657	Lap inc hern recur comp	$19,665.00
50080	Removal of kidney stone	$24,297.90
50081	Removal of kidney stone	$24,297.90
50551	Kidney endoscopy	$10,447.56
50553	Kidney endoscopy	$10,447.56
50555	Kidney endoscopy & biopsy	$10,447.56
50557	Kidney endoscopy & treatment	$24,297.90
50561	Kidney endoscopy & treatment	$10,447.56
50562	Renal scope w/tumor resect	$24,297.90
50570	Kidney endoscopy	$4,756.74
50572	Kidney endoscopy	$1,782.48
50574	Kidney endoscopy & biopsy	$1,782.48
50575	Kidney endoscopy	$10,447.56
50576	Kidney endoscopy & treatment	$10,447.56
50580	Kidney endoscopy & treatment	$10,447.56
50590	Fragmentling of kidney stone	$10,447.56
50592	Paro rf ablate renal tumor	$12,240.24
50593	Paro cryo ablate renal tum	$19,665.00
50688	Change of ureter tube/stent	$4,756.74
50690	Injection for ureter x-ray	$1,500.00
50693	Plmt ureteral stent prq	$7,089.18
50694	Plmt ureteral stent prq	$7,089.18
50695	Plmt ureteral stent prq	$7,089.18
50727	Revise ureter	$7,089.18
50947	Laparo new ureter/bladder	$12,240.24
50948	Laparo new ureter/bladder	$19,665.00
50951	Endoscopy of ureter	$4,758.74
50953	Endoscopy of ureter	$10,447.56
50955	Ureter endoscopy & biopsy	$10,447.56
50957	Ureter endoscopy & treatment	$10,447.56
50961	Ureter endoscopy & treatment	$10,447.56
50970	Ureter endoscopy	$1,782.48
50972	Ureter endoscopy & catheter	$1,782.48
50974	Ureter endoscopy & biopsy	$10,447.56
50976	Ureter endoscopy & treatment	$10,447.56
50980	Uretar endoscopy & treatment	$10,447.56
51020	Incise & treat bladder	$7,089.18
51030	Incise & treat bladder	$7,089.18
51040	Incise & drain bladder	$4,756.74
51045	Incise bladder/drain ureter	$4,756.74
51050	Removal of bladder stone	$10,447.56
51065	Remove ureter calculus	$10,447.56
51080	Drainage of bladder abscess	$6,192.18
51100	Drain bladder by needle	$1,500.00
51101	Drain bladder by trocar/cath	$1,500.00
51102	Drain bl w/cath insertion	$4,756.74
51500	Removal of bladder cyst	$12,240.24
51520	Removal of bladder lesion	$4,756.74
51535	Repair of ureter lesion	$4,756.74
51600	Injection for bladder x-ray	$1,500.00
51605	Preparation for bladder xray	$1,500.00
51610	Injection for bladder x-ray	$1,500.00
51700	Irrigation of bladder	$1,500.00
51701	Insert bladder catheter	$1,500.00
51702	Insert temp bladder cath	$1,500.00
51703	Insert bladder cath complex	$1,500.00
51705	Change of bladder tube	$1,500.00
51710	Change of bladder tube	$1,782.48
51715	Endoscopic injection/implant	$7,089.18
51720	Treatment of bladder lesion	$1,500.00
51725	Simple cystometrogram	$1,500.00
51726	Complex cystometrogram	$1,782.48
51727	Cystometrogram w/up	$1,500.00
51728	Cystometrogram w/vp	$1,500.00
51729	Cystometrogram w/vp&up	$1,500.00
51738	Urine flow measurement	$1,500.00
51741	Electro-uroflowmetry first	$1,500.00
51784	Anal/urinary muscle study	$1,500.00
51785	Anal/urinary muscle study	$1,500.00
51792	Urinary reflex study	$1,500.00
51797	Intrabdominal pressure test	$1,500.00
51798	Us urine capacity measure	$1,500.00
51820	Revision of urinary tract	$7,089.18
51840	Attach bladder/urethra	$7,088.18
51841	Attach bladder/urethra	$7,089.18

APPROVED

Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

22844	Insert spine fixation device	$42,054.92
22845	Insert spine fixation device	$42,054.92
22846	Insert spine fixation device	$42,054.92
22847	Insert spine fixation device	$42,054.92
22848	Insert pelv fixation device	$42,054.92
22849	Reinsert spinal fixation	$42,054.92
22850	Remove spine fixation device	$42,054.92
22852	Remove spine fixation device	$42,054.92
22853	Insj biomechanical device	$42,054.92
22854	Insj biomechanical device	$42,054.92
22855	Remove spine fixation device	$42,054.92
22856	Cerv artific diskectomy	$42,054.92
22857	Lumbar artif diskectomy	$42,054.92
22858	Second level cer diskectomy	$42,054.92
22859	Insj biomechanical device	$42,054.92
22861	Revise cerv artific disc	$42,054.92
22862	Revise lumbar artif disc	$42,054.92
22864	Remove cerv artif disc	$42,054.92
22865	Remove lumb artif disc	$42,054.92
22867	Insj stabij dev w/dcmprn	$63,129.30
22868	Insj stabij dev w/dcmprn	$42,054.92
22869	Insj stabij dev w/o dcmprn	$63,129.30
22870	Insj stabij dev w/o dcmprn	$42,054.92
22899	Spine surgery procedure	$42,054.92
22900	Exc abdl tum deep < 5 cm	$6,192.18
22901	Exc abdl tum deep 5 cm/>	$6,192.18
22902	Exc abd les sc < 3 cm	$3,129.84
22903	Exc abd les sc 3 cm/>	$6,192.18
22904	Radical resect abd tumor<5cm	$6,192.18
22905	Rad resect abd tumor 5 cm/>	$6,192.18
23000	Removal of calcium deposits	$6,192.18
23020	Release shoulder joint	$7,317.24
23030	Drain shoulder lesion	$6,192.18
23031	Drain shoulder bursa	$3,129.84
23035	Drain shoulder bone lesion	$4,175.28
23040	Exploratory shoulder surgery	$7,317.24
23044	Exploratory shoulder surgery	$7,317.24
23065	Biopsy shoulder tissues	$1,500.00
23066	Biopsy shoulder tissues	$6,192.19
23071	Exc shoulder les sc 3 cm/>	$3,129.84
23073	Exc shoulder tum deep 5 cm/>	$6,192.18
23075	Exc shoulder les sc < 3 cm	$3,129.84
23076	Exc shoulder tum deep < 5 cm	$6,192.18
23077	Resect shoulder tumor < 5 cm	$6,192.18
23078	Resect shoulder tumor 5 cm/>	$6,192.18
23100	Biopsy of shoulder joint	$4,175.28
23101	Shoulder joint surgery	$7,317.24
23105	Remove shoulder joint lining	$15,906.54
23106	Incision of collarbone joint	$7,317.24
23107	Explore treat shoulder joint	$15,906.54
23120	Partial removal collar bone	$7,317.24
23125	Removal of collar bone	$7,317.24
23130	Remove shoulder bone part	$7,317.24
23140	Removal of bone lesion	$7,317.24
23145	Removal of bone lesion	$7,317.24
23146	Removal of bone lesion	$15,906.54
23150	Removal of humerus lesion	$7,317.24
23155	Removal of humerus lesion	$15,906.54
23156	Removal of humerus lesion	$15,906.54
23170	Remove collar bone lesion	$4,175.28
23172	Remove shoulder blade lesion	$7,317.24
23174	Remove humerus lesion	$7,317.24
23180	Remove collar bone lesion	$7,317.24
23182	Remove shoulder blade lesion	$7,317.24
23184	Remove humerus lesion	$15,906.54
23190	Partial removal of scapula	$7,317.24
23195	Removal of head of humerus	$15,906.54
23330	Remove shoulder foreign body	$1,748.94
23333	Remove shoulder fb deep	$3,129.84
23334	Shoulder prosthesis removal	$6,192.18
23336	Shoulder prosthesis removal	$6,192.18
23350	Injection for shoulder x-ray	$1,500.00
23395	Muscle transfer shoulder/arm	$15,906.54
23397	Muscle transfers	$15,906.54
23400	Fixation of shoulder blade	$15,906.54
23405	Incision of tendon & muscle	$15,906.54

29520	Strapping of hip	$1,500.00
29530	Strapping of knee	$1,500.00
29540	Strapping of ankle and/or ft	$1,500.00
29550	Strapping of toes	$1,500.00
29580	Application of paste boot	$1,500.00
29581	Apply multlay compre lwr leg	$1,500.00
29582	Apply multlay compre upr leg	$1,500.00
29583	Apply multlay compre upr arm	$1,500.00
29584	Appl multlay compre arm/hand	$1,500.00
29700	Removal/revision of cast	$1,500.00
29705	Removal/revision of cast	$1,500.00
29710	Removal/revision of cast	$1,500.00
29720	Repair of body cast	$1,500.00
29730	Windowing of cast	$1,500.00
29740	Wedging of cast	$1,500.00
29750	Wedging of clubfoot cast	$1,500.00
29799	Casting/strapping procedure	$1,500.00
29800	Jaw arthroscopy/surgery	$7,317.24
29804	Jaw arthroscopy/surgery	$7,317.24
29805	Shoulder arthroscopy dx	$7,317.24
29806	Shoulder arthroscopy/surgery	$15,906.54
29807	Shoulder arthroscopy/surgery	$15,906.54
29819	Shoulder arthroscopy/surgery	$7,317.24
29820	Shoulder arthroscopy/surgery	$15,906.54
29821	Shoulder arthroscopy/surgery	$7,317.24
29822	Shoulder arthroscopy/surgery	$7,317.24
29823	Shoulder arthroscopy/surgery	$7,317.24
29824	Shoulder arthroscopy/surgery	$7,317.24
29825	Shoulder arthroscopy/surgery	$7,317.24
29826	Shoulder arthroscopy/surgery	$15,906.54
29827	Arthroscop rotator cuff repr	$15,906.54
29828	Arthroscopy biceps tenodesis	$15,906.54
29830	Elbow arthroscopy	$7,317.24
29834	Elbow arthroscopy/surgery	$7,317.24
29835	Elbow arthroscopy/surgery	$7,317.24
29836	Elbow arthroscopy/surgery	$15,906.54
29837	Elbow arthroscopy/surgery	$7,317.24
29838	Elbow arthroscopy/surgery	$7,317.24
29840	Wrist arthroscopy	$7,317.24
29843	Wrist arthroscopy/surgery	$7,317.24
29844	Wrist arthroscopy/surgery	$7,317.24
29845	Wrist arthroscopy/surgery	$7,317.24
29846	Wrist arthroscopy/surgery	$7,317.24
29847	Wrist arthroscopy/surgery	$15,906.54
29848	Wrist endoscopy/surgery	$4,175.28
29850	Knee arthroscopy/surgery	$4,175.28
29851	Knee arthroscopy/surgery	$4,175.28
29855	Tibial arthroscopy/surgery	$19,413.00
29856	Tibial arthroscopy/surgery	$42,245.88
29860	Hip arthroscopy dx	$15,906.54
29861	Hip arthro w/fb removal	$7,317.24
29862	Hip arthrO w/debridement	$15,906.54
29863	Hip arthrO w/synovectomy	$7,317.24
29866	Autgrft implnt knee w/scope	$15,906.54
29867	Allgrft implnt knee w/scope	$15,906.54
29868	Meniscal trnspl knee w/scpe	$15,906.54
29870	Knee arthroscopy dx	$7,317.24
29871	Knee arthroscopy/drainage	$7,317.24
29873	Knee arthroscopy/surgery	$7,317.24
29874	Knee arthroscopy/surgery	$7,317.24
29875	Knee arthroscopy/surgery	$7,317.24
29876	Knee arthroscopy/surgery	$7,317.24
29877	Knee arthroscopy/surgery	$7,317.24
29879	Knee arthroscopy/surgery	$7,317.24
29880	Knee arthroscopy/surgery	$7,317.24
29881	Knee arthroscopy/surgery	$7,317.24
29882	Knee arthroscopy/surgery	$7,317.24
29883	Knee arthroscopy/surgery	$7,317.24
29884	Knee arthroscopy/surgery	$15,906.54
29885	Knee arthroscopy/surgery	$7,317.24
29886	Knee arthroscopy/surgery	$15,906.54
29887	Knee arthroscopy/surgery	$15,906.54
29888	Knee arthroscopy/surgery	$29,888.52
29889	Knee arthroscopy/surgery	$7,317.24
29891	Ankle arthroscopy/surgery	$15,906.54
29892	Ankle arthroscopy/surgery	$15,906.54

51845	Repair bladder neck	$7,089.18
51860	Repair of bladder wound	$7,089.18
51865	Repair of bladder wound	$7,089.18
51880	Repair of bladder opening	$7,089.18
51900	Repair bladder/vagina lesion	$7,089.18
51920	Close bladder-uterus fistula	$7,089.18
51925	Hysterectomy/bladder repair	$7,089.18
51940	Correction of bladder defect	$7,089.18
51960	Revision of bladder & bowel	$7,089.18
51980	Construct bladder opening	$7,089.18
51990	Laparo urethral suspension	$7,089.18
51992	Laparo sling operation	$12,240.24
51999	Laparoscope proc bla	$7,089.18
52000	Cystoscopy	$1,782.48
52001	Cystoscopy removal of clots	$7,089.18
52005	Cystoscopy & ureter catheter	$4,756.74
52007	Cystoscopy and biopsy	$7,089.18
52010	Cystoscopy & duct catheter	$1,782.48
52204	Cystoscopy w/biopsy(s)	$4,756.74
52214	Cystoscopy and treatment	$4,756.74
52224	Cystoscopy and treatment	$4,756.74
52234	Cystoscopy and treatment	$7,089.16
52235	Cystoscopy and treatment	$7,089.18
52240	Cystoscopy and treatment	$10,447.56
52250	Cystoscopy and radiotracer	$10,447.56
52260	Cystoscopy and treatment	$4,756.74
52265	Cystoscopy and treatment	$1,535.34
52270	Cystoscopy & revise urethra	$4,756.74
52275	Cystoscopy & revise urethra	$4,756.74
52276	Cystoscopy and treatment	$4,756.74
52277	Cystoscopy and treatment	$7,089.19
52281	Cystoscopy and treatment	$4,756.74
52282	Cystoscopy implant stent	$7,089.18
52283	Cystoscopy and treatment	$4,756.74
52285	Cystoscopy and treatment	$4,756.74
52287	Cystoscopy chemodenervation	$4,756.74
52290	Cystoscopy and treatment	$4,756.74
52300	Cystoscopy and treatment	$7,089.18
52301	Cystoscopy and treatment	$7,089.18
52305	Cystoscopy and treatment	$10,447.56
52310	Cystoscopy and treatment	$4,756.74
52315	Cystoscopy and treatment	$4,756.74
52317	Remove bladder stone	$7,089.18
52318	Remove bladder stone	$10,447.56
52320	Cystoscopy and treatment	$10,447.56
52325	Cystoscopy stone removal	$10,447.56
52327	Cystoscopy inject material	$10,447.56
52330	Cystoscopy and treatment	$7,089.18
52332	Cystoscopy and treatment	$7,089.18
52334	Create passage to kidney	$7,089.18
52341	Cysto w/ureter stricture tx	$4,756.74
52342	Cysto w/up stricture tx	$10,447.56
52343	Cysto w/renal stricture tx	$4,756.74
52344	Cysto/uretero stricture tx	$7,089.19
52345	Cysto/uretero w/up stricture	$10,447.56
52346	Cystouretero w/renal strict	$10,447.56
52351	Cystouretero & or pyeloscope	$4,756.74
52352	Cystouretero w/stone remove	$10,447.56
52353	Cystouretero w/lithotripsy	$10,447.56
52354	Cystouretero w/biopsy	$10,447.56
52355	Cystouretero w/excisa tumor	$10,447.56
52356	Cysto/uretero w/lithotripsy	$10,447.56
52400	Cystouretero w/congen repr	$4,756.74
52402	Cystourethro cut ejacul duct	$7,089.18
52450	Incision of prostate	$7,089.18
52500	Revision of bladder neck	$7,089.18
52601	Prostatectomy (turp)	$10,447.56
52630	Remove prostate regrowth	$10,447.56
52640	Relieve bladder contracture	$7,089.18
52647	Laser surgery of prostate	$10,447.56
52648	Laser surgery of prostate	$10,447.56
52649	Prostate laser enucleation	$10,447.56
52700	Drainage of prostate abscess	$10,447.56
53000	Incision of urethra	$4,756.74
53010	Incision of urethra	$10,447.56
53020	Incision of urethra	$4,756.74

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Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

23406	Incise tendon(s) & muscle(s)	$11,469.48
23410	Repair rotator cuff acute	$15,906.54
23412	Repair rotator cuff chronic	$15,906.54
23415	Release of shoulder ligament	$15,906.54
23420	Repair of shoulder	$15,906.54
23430	Repair biceps tendon	$15,906.54
23440	Remove/transplant tendon	$7,317.24
23450	Repair shoulder capsule	$15,906.54
23455	Repair shoulder capsule	$15,906.54
23460	Repair shoulder capsule	$15,906.54
23462	Repair shoulder capsule	$15,906.54
23465	Repair shoulder capsule	$15,906.54
23466	Repair shoulder capsule	$15,906.54
23470	Reconstruct shoulder joint	$15,906.54
23472	Reconstruct shoulder joint	$15,906.54
23473	Revis reconst shoulder joint	$15,906.54
23474	Revis reconst shoulder joint	$15,906.54
23480	Revision of collar bone	$15,906.54
23485	Revision of collar bone	$40,976.40
23490	Reinforce clavicle	$15,906.54
23491	Reinforce shoulder bones	$29,888.52
23500	Treat clavicle fracture	$1,500.00
23505	Treat clavicle fracture	$4,175.28
23515	Treat clavicle fracture	$15,906.54
23520	Treat clavicle dislocation	$4,175.28
23525	Treat clavicle dislocation	$1,500.00
23530	Treat clavicle dislocation	$15,906.54
23532	Treat clavicle dislocation	$15,906.54
23540	Treat clavicle dislocation	$1,500.00
23545	Treat clavicle dislocation	$1,500.00
23550	Treat clavicle dislocation	$15,906.54
23552	Treat clavicle dislocation	$15,906.54
23570	Treat shoulder blade fx	$1,500.00
23575	Treat shoulder blade fx	$4,175.28
23585	Treat scapula fracture	$15,906.54
23600	Treat humerus fracture	$1,500.00
23605	Treat humerus fracture	$4,175.28
23615	Treat humerus fracture	$41,006.88
23616	Treat humerus fracture	$68,144.94
23620	Treat humerus fracture	$1,500.00
23625	Treat humerus fracture	$4,175.28
23630	Treat humerus fracture	$15,906.54
23650	Treat shoulder dislocation	$1,500.00
23655	Treat shoulder dislocation	$4,175.28
23660	Treat shoulder dislocation	$15,906.54
23665	Treat dislocation/fracture	$4,175.28
23670	Treat dislocation/fracture	$15,906.54
23675	Treat dislocation/fracture	$4,175.28
23680	Treat dislocation/fracture	$29,888.52
23700	Fixation of shoulder	$4,175.28
23800	Fusion of shoulder joint	$15,906.54
23802	Fusion of shoulder joint	$29,898.52
23900	Amputation of arm & girdle	$15,906.54
23920	Amputation at shoulder joint	$15,906.54
23921	Amputation follow-up surgery	$4,631.88
23929	Shoulder surgery procedure	$15,906.54
23930	Drainage of arm lesion	$3,129.84
23931	Drainage of arm bursa	$3,129.84
23935	Drain arm/elbow bone lesion	$7,317.24
24000	Exploratory elbow surgery	$7,317.24
24006	Release elbow joint	$7,317.24
24065	Biopsy arm/elbow soft tissue	$1,500.00
24066	Biopsy arm/elbow soft tissue	$6,192.18
24071	Exc arm/elbow les sc 3 cm/>	$6,192.18
24073	Ex arm/elbow tum deep 5 cm/>	$6,192.18
24075	Exc arm/elbow les sc < 3 cm	$3,129.84
24076	Ex arm/elbow tum deep < 5 cm	$6,192.18
24077	Resect arm/elbow tum < 5 cm	$6,192.18
24079	Resect arm/elbow tum 5 cm/>	$6,192.18
24100	Biopsy elbow joint lining	$7,317.24
24101	Explore/treat elbow joint	$7,317.24
24102	Remove elbow joint lining	$7,317.24
24105	Removal of elbow bursa	$7,317.24
24110	Remove humerus lesion	$7,317.24
24115	Remove/graft bone lesion	$15,906.54
24116	Remove/graft bone lesion	$15,906.54

29893	Scope plantar fasciotomy	$7,317.24
29894	Ankle arthroscopy/surgery	$7,317.24
29895	Ankle arthroscopy/surgery	$7,317.24
29897	Ankle arthroscopy/surgery	$7,317.24
29898	Ankle arthroscopy/surgery	$7,317.24
29899	Ankle arthroscopy/surgery	$15,906.54
29900	Mcp joint arthroscopy dx	$7,317.24
29901	Mcp joint arthroscopy surg	$7,317.24
29902	Mcp joint arthroscopy surg	$4,175.28
29904	Subtalar arthro w/fb rmvl	$7,317.24
29905	Subtalar arthro w/exc	$7,317.24
29906	Subtalar arthro w/deb	$7,317.24
29907	Subtalar arthro w/fusion	$29,888.52
29914	Hip arthro w/femoroplasty	$15,906.54
29915	Hip arthro acetabuloplasty	$15,906.54
29916	Hip arthro w/labral repair	$15,906.54
29999	Arthroscopy of joint	$15,906.54
30000	Drainage of nose lesion	$5,645.64
30020	Drainage of nose lesion	$5,645.64
30100	Intranasal biopsy	$5,645.64
30110	Removal of nose polyp(s)	$5,645.64
30115	Removal of nose polyp(s)	$5,645.84
30117	Removal of intranasal lesion	$5,645.64
30118	Removal of intranasal lesion	$5,645.64
30120	Revision of nose	$5,645.64
30124	Removal of nose lesion	$3,369.18
30125	Removal of nose lesion	$12,237.06
30130	Excise inferior turbinate	$5,645.64
30140	Resect inferior turbinate	$5,645.64
30150	Partial removal of nose	$12,237.06
30160	Removal of nose	$12,237.06
30200	Injection treatment of nose	$1,500.00
30210	Nasal sinus therapy	$1,500.00
30220	Insert nasal septal button	$3,369.16
30300	Remove nasal foreign body	$5,645.64
30310	Remove nasal foreign body	$5,645.64
30320	Remove nasal foreign body	$3,369.16
30400	Reconstruction of nose	$12,237.06
30410	Reconstruction of nose	$12,237.06
30420	Reconstruction of nose	$12,237.06
30430	Revision of nose	$12,237.06
30435	Revision of nose	$12,237.06
30450	Revision of nose	$12,237.06
30460	Revision of nose	$12,237.06
30462	Revision of nose	$12,237.06
30465	Repair nasal stenosis	$12,237.06
30520	Repair of nasal septum	$5,645.64
30540	Repair nasal defect	$12,237.06
30545	Repair nasal defect	$12,237.06
30560	Release of nasal adhesions	$1,500.00
30580	Repair upper jaw fistula	$12,237.06
30600	Repair mouth/nose fistula	$12,237.06
30620	Intranasal reconstruction	$12,237.06
30630	Repair nasal septum defect	$5,645.64
30801	Ablate inf turbinate supert	$3,369.16
30802	Ablate inf turbinate submuc	$3,369.16
30901	Control of nosebleed	$1,500.00
30903	Control of nosebleed	$1,500.00
30905	Control of nosebleed	$1,500.00
30906	Repeat control of nosebleed	$1,500.00
30915	Ligation nasal sinus artery	$7,656.10
30920	Ligation upper jaw artery	$7,656.10
30930	Ther fx nasal inf turbinate	$5,645.64
30999	Nasal surgery procedure	$12,237.06
31000	Irrigation maxillary sinus	$1,500.00
31002	Irrigation sphenoid sinus	$3,369.16
31020	Exploration maxillary sinus	$5,645.64
31030	Exploration maxillary sinus	$12,237.06
31032	Explore sinus remove polyps	$12,237.06
31040	Exploration behind upper jaw	$12,237.06
31050	Exploration sphenoid sinus	$12,237.06
31051	Sphenoid sinus surgery	$12,237.06
31070	Exploration of frontal sinus	$12,237.06
31075	Exploration of frontal sinus	$12,237.06
31080	Removal of frontal sinus	$12,237.06
31081	Removal of frontal sinus	$12,237.06

53025	Incision of urethra	$4,756.74
53040	Drainage of urethra abscess	$10,447.56
53060	Drainage of urethra abscess	$4,756.74
53080	Drainage of urinary leakage	$4,756.74
53085	Drainage of urinary leakage	$4,756.74
53200	Biopsy of urethra	$7,089.18
53210	Removal of urethra	$10,447.56
53215	Removal of urethra	$10,447.56
53220	Treatment of urethra lesion	$10,447.56
53230	Removal of urethra lesion	$10,447.56
53235	Removal of urethra lesion	$10,447.56
53240	Surgery for urethra pouch	$10,447.56
53250	Removal of urethra gland	$4,756.74
53260	Treatment of urethra lesion	$4,756.74
53265	Treatment of urethra lesion	$4,756.74
53270	Removal of urethra gland	$7,089.18
53275	Repair of urethra defect	$4,756.74
53400	Revise urethra stage 1	$10,447.56
53405	Revise urethra stage 2	$10,447.56
53410	Reconstruction of urethra	$10,447.56
53415	Reconstruction of urethra	$10,447.56
53420	Reconstruct urethra stage 1	$10,447.56
53425	Reconstruct urethra stage 2	$10,447.56
53430	Reconstruction of urethra	$10,447.56
53431	Reconstruct urethra/bladder	$10,447.56
53440	Male sling procedure	$37,206.72
53442	Remove/revise male sling	$10,447.56
53444	Insert tandem cuff	$70,613.50
53445	Insert uro/ves nck sphincter	$75,060.94
53446	Remove uro sphincter	$10,447.56
53447	Remove/replace ur sphincter	$73,045.38
53448	Remov/replc ur sphinctr comp	$73,045.38
53449	Repair uro sphincter	$10,447.56
53450	Revision of urethra	$4,756.74
53460	Revision of urethra	$10,447.56
53500	Urethrlys transvag w/ scope	$10,447.56
53502	Repair of urethra injury	$7,089.18
53505	Repair of urethra injury	$10,447.56
53510	Repair of urethra injury	$10,447.56
53515	Repair of urethra injury	$10,447.56
53520	Repair of urethra defect	$10,447.56
53600	Dilate urethra stricture	$4,756.74
53601	Dilate urethra stricture	$4,756.74
53605	Dilate urethra stricture	$4,756.74
53620	Dilate urethra stricture	$4,756.74
53621	Dilate urethra stricture	$4,756.74
53660	Dilation of urethra	$4,756.74
53661	Dilation of urethra	$4,756.74
53665	Dilation of urethra	$4,756.74
53850	Prostatic microwave thermotx	$7,089.18
53852	Prostatic rf thermotx	$9,121.50
53855	Insert prost urethral stent	$4,364.76
53860	Transurethral rf treatment	$4,756.74
54000	Slitting of prepuce	$4,756.74
54001	Slitting of prepuce	$4,756.74
54015	Drain penis lesion	$3,129.84
54050	Destruction penis lesion(s)	$1,500.00
54055	Destruction penis lesion(s)	$1,500.00
54056	Cryosurgery penis lesion(s)	$1,500.00
54057	Laser surg penis lesion(s)	$4,631.88
54060	Excision of penis lesion(s)	$4,631.89
54065	Destruction penis lesion(s)	$4,631.88
54100	Biopsy of penis	$3,129.84
54105	Biopsy of penis	$6,192.18
54110	Treatment of penis lesion	$10,447.56
54111	Treat penis lesion graft	$10,447.56
54112	Treat penis lesion graft	$24,297.90
54115	Treatment of penis lesion	$6,192.18
54120	Partial removal of penis	$10,447.56
54150	Circumcision w/regional block	$4,756.74
54160	Circumcision neonate	$4,758.74
54161	Circum 28 days or older	$4,756.74
54162	Lysis penil circumc lesion	$4,756.74
54163	Repair of circumcision	$4,756.74
54164	Frenulotomy of penis	$4,756.74
54205	Treatment of penis lesion	$10,447.56

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Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

24120	Remove elbow lesion	$7,317.24
24125	Remove/graft bone lesion	$7,317.24
24126	Remove/graft bone lesion	$15,906.54
24130	Removal of head of radius	$7,317.24
24134	Removal of arm bone lesion	$15,906.54
24136	Remove radius bone lesion	$7,317.24
24138	Remove elbow bone lesion	$15,906.54
24140	Partial removal of arm bone	$7,317.24
24145	Partial removal of radius	$15,906.54
24147	Partial removal of elbow	$7,317.24
24149	Radical resection of elbow	$15,906.54
24150	Resect distal humerus tumor	$15,906.54
24152	Resect radius tumor	$15,906.54
24155	Removal of elbow joint	$7,317.24
24160	Remove elbow joint implant	$7,317.24
24164	Remove radius head implant	$7,317.24
24200	Removal of arm foreign body	$1,500.00
24201	Removal of arm foreign body	$6,192.18
24220	Injection for elbow x-ray	$1,500.00
24300	Manipulate elbow w/anesth	$4,175.28
24301	Muscle/tendon transfer	$15,906.54
24305	Arm tendon lengthening	$7,317.24
24310	Revision of arm tendon	$7,317.24
24320	Repair of arm tendon	$15,906.54
24330	Revision of arm muscles	$7,317.24
24331	Revision of arm muscles	$15,906.54
24332	Tenolysis triceps	$7,317.24
24340	Repair of biceps tendon	$15,906.54
24341	Repair arm tendon/muscle	$15,906.54
24342	Repair of ruptured tendon	$15,906.54
24343	Repr elbow lat ligmnt w/tiss	$7,317.24
24344	Reconstruct elbow lat ligmnt	$15,906.54
24345	Repr elbow med ligmnt w/tissu	$15,906.54
24346	Reconstruct elbow med ligmnt	$29,888.52
24357	Repair elbow perc	$7,317.24
24358	Repair elbow w/deb open	$7,317.24
24359	Repair elbow deb/attch open	$7,317.24
24360	Reconstruct elbow joint	$15,906.54
24361	Reconstruct elbow joint	$75,085.62
24362	Reconstruct elbow joint	$42,832.38
24363	Replace elbow joint	$72,734.88
24365	Reconstruct head of radius	$43,642.38
24366	Reconstruct head of radius	$44,787.42
24370	Revise reconst elbow joint	$41,324.22
24371	Revise reconst elbow joint	$70,101.84
24400	Revision of humerus	$15,906.54
24410	Revision of humerus	$29,888.52
24420	Revision of humerus	$15,906.54
24430	Repair of humerus	$41,095.74
24435	Repair humerus with graft	$40,887.48
24470	Revision of elbow joint	$7,317.24
24495	Decompression of forearm	$15,906.54
24498	Reinforce humerus	$29,888.52
24500	Treat humerus fracture	$1,500.00
24505	Treat humeruc fracture	$4,175.28
24515	Treat humerus fracture	$29,888.52
24516	Treat humerus fracture	$29,888.52
24530	Treat humerus fracture	$1,500.00
24535	Treat humerus fracture	$4,175.28
24538	Treat humerus fracture	$15,906.54
24545	Treat humerus fracture	$41,946.30
24546	Treat humerus fracture	$65,360.70
24560	Treat humerus fracture	$1,500.00
24565	Treat humerus fracture	$4,175.28
24566	Treat humerus fracture	$7,317.24
24575	Treat humerus fracture	$29,888.52
24576	Treat humerus fracture	$1,500.00
24577	Treat humerus fracture	$4,175.28
24579	Treat humerus fracture	$29,888.52
24582	Treat humerus fracture	$7,317.24
24588	Treat elbow fracture	$28,888.52
24587	Treat elbow fracture	$42,954.24
24600	Treat elbow dislocation	$1,500.00
24605	Treat elbow dislocation	$4,175.28
24615	Treat elbow dislocation	$15,906.54
24620	Treat elbow fracture	$4,175.28

31084	Removal of frontal sinus	$12,237.06
31085	Removal of frontal sinus	$12,237.06
31086	Removal of frontal sinus	$12,237.06
31087	Removal of frontal sinus	$12,237.06
31090	Exploration of sinuses	$12,237.06
31200	Removal of ethmoid sinus	$12,237.06
31201	Removal of ethmoid sinus	$5,645.64
31205	Removal of ethmoid sinus	$5,645.64
31225	Removal of upper jaw	$12,237.06
31230	Removal of upper jaw	$12,237.06
31231	Nasal endoscopy dx	$1,500.00
31233	Nasal/sinus endoscopy dx	$1,500.00
31235	Nasal/sinus endoscopy dx	$3,417.24
31237	Nasal/sinus endoscopy surg	$3,417.24
31238	Nasal/sinus endoscopy surg	$3,417.24
31239	Nasal/sinus endoscopy surg	$6,710.10
31240	Nasal/sinus endoscopy surg	$3,417.24
31254	Revision of ethmoid sinus	$10,264.44
31255	Removal of ethmoid sinus	$10,264.44
31256	Exploration maxillary sinus	$6,710.18
31267	Endoscopy maxillary sinus	$10,264.44
31276	Sinus endoscopy surgical	$10,264.44
31287	Nasal/sinus endoscopy surg	$10,264.44
31288	Nasal/sinus endoscopy surg	$10,264.44
31290	Nasal/sinus endoscopy surg	$10,264.44
31291	Nasal/sinus endoscopy surg	$10,264.44
31292	Nasal/sinus endoscopy surg	$10,264.44
31293	Nasal/sinus endoscopy surg	$10,264.44
31294	Nasal/sinus endoscopy surg	$10,264.44
31295	Sinus endo w/balloon dil	$10,264.44
31296	Sinus endo w/balloon dil	$10,264.44
31297	Sinus endo w/balloon dil	$10,264.44
31299	Sinus surgery procedure	$10,264.44
31300	Removal of larynx lesion	$5,645.64
31320	Diagnostic incision larynx	$12,237.06
31360	Removal of larynx	$22,237.06
31365	Removal of larynx	$22,237.06
31367	Partial removal of larynx	$22,237.06
31368	Partial removal of larynx	$22,237.08
31370	Partial removal of larynx	$22,237.06
31375	Partial removal of larynx	$22,237.06
31380	Partial removal of larynx	$22,237.06
31382	Partial removal of larynx	$22,237.06
31390	Removal of larynx & pharynx	$22,237.06
31395	Reconstruct larynx & pharynx	$22,237.06
31400	Revision of larynx	$12,237.06
31420	Removal of epiglottis	$12,237.06
31500	Insert emergency airway	$1,500.00
31502	Change of windpipe airway	$1,500.00
31505	Diagnostic laryngoscopy	$1,500.00
31510	Laryngoscopy with biopsy	$6,710.10
31511	Remove foreign body larynx	$1,500.00
31512	Removal of larynx lesion	$6,710.10
31513	Injection into vocal cord	$1,500.00
31515	Laryngoscopy for aspiration	$1,500.00
31520	Dx laryngoscopy newborn	$1,500.00
31525	Dx laryngoscopy excl nb	$3,417.24
31526	Dx laryngoscopy w/oper scope	$3,417.24
31527	Laryngoscopy for treatment	$6,710.10
31528	Laryngoscopy and dilation	$6,710.10
31529	Laryngoscopy and dilation	$6,710.10
31530	Laryngoscopy w/fb removal	$3,417.24
31531	Laryngoscopy w/fb & op scope	$6,710.10
31535	Laryngoscopy w/biopsy	$6,710.10
31536	Laryngoscopy w/bx & op scope	$6,710.10
31540	Laryngoscopy w/exc of tumor	$6,710.10
31541	Laryngoscop w/tumr exc + scope	$6,710.10
31545	Remove vc lesion w/scope	$6,710.10
31546	Remove vc lesion scope/graft	$10,264.44
31551	Laryngoplasty laryngeal sten	$12,237.06
31552	Laryngoplasty laryngeal sten	$12,237.06
31553	Laryngoplasty laryngeal sten	$12,237.06
31554	Laryngoplasty laryngeal sten	$12,237.06
31560	Laryngoscop w/arytenidectom	$10,264.44
31561	Laryngscop remve cart + scop	$10,264.44
31570	Laryngoscope w/vc inj	$6,718.10

54300	Revision of penis	$7,089.18
54304	Revision of penis	$4,756.74
54308	Reconstruction of urethra	$10,447.56
54312	Reconstruction of urethra	$7,089.18
54316	Reconstruction of urethra	$10,447.56
54318	Reconstruction of urethra	$7,089.18
54322	Reconstruction of urethra	$4,756.74
54324	Reconstruction of urethra	$10,447.56
54328	Reconstruction of urethra	$10,447.56
54328	Revise penis/urethra	$7,089.18
54332	Revise penis/urethra	$7,089.18
54336	Revise penis/urethra	$7,089.18
54340	Secondary urethral surgery	$7,089.18
54344	Secondary urethral surgery	$10,447.56
54348	Secondary urethral surgery	$10,447.56
54352	Reconstruct urethra/penis	$24,297.90
54360	Penis plastic surgery	$7,089.18
54380	Repair penis	$7,089.18
54385	Repair penis	$4,756.74
54390	Repair penis and bladder	$24,297.90
54400	Insert semi-rigid prosthesis	$73,177.82
54401	Insert self-contd prosthesis	$75,445.56
54405	Insert multi-comp penis pros	$75,445.56
54406	Remove multi-comp penis pros	$7,089.18
54408	Repair multi-comp penis pros	$10,447.56
54410	Remove/replace penis prosth	$74,471.82
54411	Remov/reple penis pros comp	$75,445.56
54415	Remove self-contd penis pros	$7,089.18
54416	Remv/repl penis contain pros	$73,628.42
54417	Remv/reple penis pros compl	$75,445.56
54420	Revision of penis	$4,756.74
54430	Revision of penis	$75,445.56
54435	Revision of penis	$4,756.74
54437	Repair corporeal tear	$4,756.74
54438	Replantation of penis	$75,445.56
54440	Repair of penis	$10,447.56
54500	Biopsy of testis	$6,192.18
54505	Biopsy of testis	$7,089.18
54512	Excise lesion testis	$4,756.74
54520	Removal of testis	$7,089.18
54522	Orchiectomy partial	$7,089.18
54530	Removal of testis	$8,728.98
54535	Extensive testis surgery	$12,240.24
54550	Exploration for testis	$8,728.98
54560	Exploration for testis	$4,756.74
54600	Reduce testis torsion	$7,089.18
54620	Suspension of testis	$7,089.18
54640	Suspension of testis	$8,728.98
54650	Orchiopexy (fowler-stephens)	$12,240.24
54660	Revision of testis	$10,447.58
54670	Repair testis injury	$4,756.74
54680	Relocation of testis(es)	$4,756.74
54690	Laparoscopy orchiectomy	$12,240.24
54692	Laparoscopy orchiopexy	$12,240.24
54699	Laparoscope proc testis	$12,240.24
54700	Drainage of scrotum	$4,756.74
54800	Biopsy of epididymis	$3,129.84
54830	Remove epididymis lesion	$4,758.74
54840	Remove epididymis lesion	$4,756.74
54860	Removal of epididymis	$4,756.74
54861	Removal of epididymis	$7,089.18
54865	Explore epididymis	$7,089.18
54900	Fusion of spermatic ducts	$4,756.74
54901	Fusion of spermatic ducts	$7,089.18
55000	Drainage of hydrocele	$4,756.74
55040	Removal of hydrocele	$8,728.98
55041	Removal of hydroceles	$8,728.98
55060	Repair of hydrocele	$4,756.74
55100	Drainage of scrotum abscess	$3,129.84
55110	Explore scrotum	$4,756.74
55120	Removal of scrotum lesion	$4,756.74
55150	Removal of scrotum	$7,089.18
55175	Revision of scrotum	$7,089.18
55180	Revision of scrotum	$10,447.56
55200	Incision of sperm duct	$4,756.74
55250	Removal of sperm duct(s)	$4,756.74

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Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

24635	Treat elbow fracture	$15,906.54
24640	Treat elbow dislocation	$1,500.00
24650	Treat radius fracture	$1,500.00
24655	Treat radius fracture	$4,175.28
24665	Treat radius fracture	$15,906.54
24666	Treat radius fracture	$44,269.50
24670	Treat ulnar fracture	$1,500.00
24675	Treat ulnar fracture	$4,175.28
24685	Treat ulnar fracture	$15,906.54
24800	Fusion of elbow joint	$15,906.54
24802	Fusion/graft of elbow joint	$29,888.52
24900	Amputation of upper arm	$15,906.54
24920	Amputation of upper arm	$15,906.54
24925	Amputation follow-up surgery	$7,317.24
24930	Amputation follow-up surgery	$7,317.24
24931	Amputate upper arm & implant	$15,906.54
24935	Revision of amputation	$7,317.24
24940	Revision of upper arm	$7,317.24
24999	Upper arm/elbow surgery	$15,906.54
25000	Incision of tendon sheath	$4,175.28
25001	Incise flexor carpi radialis	$4,175.28
25020	Decompress forearm 1 space	$4,175.28
25023	Decompress forearm 1 space	$7,317.24
25024	Decompress forearm 2 spaces	$7,317.24
25025	Decompress forearm 2 spaces	$7,317.24
25028	Drainage of forearm lesion	$7,317.24
25031	Drainage of forearm bursa	$4,175.28
25035	Treat forearm bone lesion	$15,906.54
25040	Explore/treat wrist joint	$7,317.24
25065	Biopsy forearm soft tissues	$1,500.00
25066	Biopsy forearm soft tissues	$6,192.18
25071	Exc forearm les sc 3 cm/>	$3,128.84
25073	Exc forearm tum deep 3 cm/>	$6,192.18
25075	Exc forearm les sc < 3 cm	$3,129.84
25076	Exc forearm tum deep < 3 cm	$3,129.84
25077	Resect forearm/wrist tum <3cm	$3,128.84
25078	Resect forarm/wrist tum 3cm>	$6,192.18
25085	Incision of wrist capsule	$7,317.24
25100	Biopsy of wrist joint	$7,317.24
25101	Explore/treat wrist joint	$7,317.24
25105	Remove wrist joint lining	$7,317.24
25107	Remove wrist joint cartilage	$7,317.24
25109	Excise tendon forearm/wrist	$7,317.24
25110	Remove wrist tendon lesion	$4,175.28
25111	Remove wrist tendon lesion	$4,175.28
25112	Reremove wrist tendon lesion	$7,317.24
25115	Remove wrist/forearm lesion	$4,175.28
25118	Remove wrist/forearm lesion	$7,317.24
25119	Excise wrist tendon sheath	$7,317.24
25119	Partial removal of ulna	$7,317.24
25120	Removal of forearm lesion	$7,317.24
25125	Remove/graft forearm lesion	$7,317.24
25126	Remove/graft forearm lesion	$7,317.24
25130	Removal of wrist lesion	$7,317.24
25135	Remove & graft wrist lesion	$7,317.24
25138	Remove & graft wrist lesion	$15,906.54
25145	Remove forearm bone lesion	$7,317.24
25150	Partial removal of ulna	$7,317.24
25151	Partial removal of radius	$7,317.24
25170	Resect radius/ulnar tumor	$7,317.24
25210	Removal of wrist bone	$7,317.24
25215	Removal of wrist bones	$7,317.24
25230	Partial removal of radius	$7,317.24
25240	Partial removal of ulna	$7,317.24
25246	Injection for wrist x-ray	$1,500.00
25248	Remove forearm foreign body	$7,317.24
25250	Removal of wrist prosthesis	$4,175.28
25251	Removal of wrist prosthesis	$7,317.24
25259	Manipulate wrist w/anesthes	$4,175.28
25260	Repair forearm tendon/muscle	$7,317.24
25263	Repair forearm tendon/muscle	$7,317.24
25265	Repair forearm tendon/muscle	$7,317.24
25270	Repair forearm tendon/muscle	$7,317.24
25272	Repair forearm tendon/muscle	$7,317.24
25274	Repair forearm tendon/muscle	$7,317.24
25275	Repair forearm tendon sheath	$7,317.24

31571	Laryngoscop w/c inj + scope	$6,710.10
31572	Largsc w/laser dstr lcs	$9,047.22
31573	Largsc w/ther injection	$4,607.46
31574	Largsc w/njx augmentation	$4,607.46
31575	Diagnostic laryngoscopy	$1,500.00
31576	Laryngoscopy with biopsy	$3,417.24
31578	Largsc w/removal lesion	$6,710.10
31580	Laryngoplasty laryngeal web	$12,237.06
31590	Reinnervate larynx	$12,237.06
31591	Laryngoplasty medialization	$12,237.06
31592	Cricotracheal resection	$12,237.06
31595	Larynx nerve surgery	$5,645.64
31601	Incision of windpipe	$3,369.18
31603	Incision of windpipe	$3,369.18
31611	Surgery/speech prosthesis	$5,645.64
31612	Puncture/clear windpipe	$5,645.64
31613	Repair windpipe opening	$5,645.64
31614	Repair windpipe opening	$12,237.06
31615	Visualization of windpipe	$1,500.00
31622	Dx bronchoscope/wash	$3,417.24
31623	Dx bronchoscope/brush	$3,417.24
31624	Dx bronchoscope/lavage	$3,417.24
31625	Bronchoscopy w/biopsy(s)	$3,417.24
31626	Bronchoscopy w/markers	$10,264.44
31627	Navigational bronchoscopy	$1,500.00
31628	Bronchoscopy/lung bx each	$6,710.10
31629	Bronchoscopy/needle bx each	$6,710.10
31630	Bronchoscopy dilate/fx repr	$6,710.10
31631	Bronchoscopy dilate w/stent	$10,264.44
31632	Bronchoscopy/lung bx addl	$1,500.00
31633	Bronchoscopy/needle bx addl	$1,500.00
31634	Bronch w/balloon occlusion	$10,264.44
31635	Bronchoscopy w/fb removal	$3,417.24
31636	Bronchoscopy bronch stents	$14,313.78
31637	Bronchoscopy stent add-on	$1,500.00
31638	Bronchoscopy revise stent	$10,264.44
31640	Bronchoscopy w/tumor excise	$6,710.10
31641	Bronchoscopy treat blockage	$6,710.10
31643	Diag bronchoscope/catheter	$3,417.24
31645	Bronchoscopy clear airways	$3,417.24
31647	Bronchial valve init insert	$10,264.44
31648	Bronchial valve remov init	$6,710.10
31649	Bronchial valve remov addl	$3,417.24
31652	Bronch ebus samplng 1/2 node	$6,710.10
31653	Bronch ebus samplng 3/> node	$8,710.10
31730	Intro windpipe wire/tube	$3,417.24
31750	Repair of windpipe	$12,237.06
31755	Repair of windpipe	$12,237.06
31620	Closure of windpipe lesion	$5,645.64
31625	Repair of windpipe defect	$5,645.64
31630	Revise windpipe scar	$5,645.64
32400	Needle biopsy chest lining	$3,129.84
32405	Percut bx lung/mediastinum	$3,129.84
32550	Insert pleural cath	$8,726.98
32552	Remove lung catheter	$2,219.40
32553	Ins mark thor for rt perq	$3,459.06
32554	Aspirate pleura w/o imaging	$2,219.40
32555	Aspirate pleura w/ imaging	$2,219.40
32556	Insert cath pleura w/o image	$3,651.18
32557	Insert cath pleura w/ image	$2,219.40
32960	Therapeutic pneumothorax	$2,219.40
32998	Perq rf ablate tx pul tumor	$12,240.24
33010	Drainage of heart sac	$2,219.40
33011	Repeat drainage of heart sac	$2,219.40
33206	Insert heart pm atrial	$46,378.14
33207	Insert heart pm ventricular	$45,646.68
33208	Insrt heart pm atrial & vent	$46,723.96
33210	Insert electrd/pm cath sngl	$22,039.00
33211	Insert card electrodes dual	$33,940.92
33212	Insert pulse gen sngl lead	$34,075.66
33213	Insert pulse gen dual leads	$46,149.24
33214	Upgrade of pacemaker system	$45,499.92
33215	Repoeition pacing-defib lead	$7,658.10
33216	Insen 1 electrode pm-defib	$31,288.14
33217	Insert 2 electrode pm-defib	$32,793.30
33218	Repair lead pace-defib one	$8,303.64

55300	Prepare sperm duct x-ray	$7,089.18
55400	Repair of sperm duct	$7,089.18
55450	Ligation of sperm duct	$7,089.18
55500	Removal of hydrocele	$7,089.18
55520	Removal of sperm cord lesion	$7,089.18
55530	Revise spermatic cord veins	$7,089.18
55535	Revise spermatic cord veins	$8,728.98
55540	Revise hernia & sperm veins	$8,728.98
55550	Laparo ligate spermatic vein	$12,240.24
55559	Laparo proc spermatic cord	$4,756.74
55600	Incise sperm duct pouch	$4,756.74
55605	Incise sperm duct pouch	$4,756.74
55650	Remove sperm duct pouch	$4,756.74
55680	Remove sperm pouch lesion	$4,756.74
55700	Biopsy of prostate	$4,756.74
55705	Biopsy of prostate	$4,756.74
55706	Prostate saturation sampling	$7,089.18
55720	Drainage of prostate abscess	$4,756.74
55725	Drainage of prostate abscess	$4,756.74
55860	Surgical exposure prostate	$10,447.56
55873	Cryoablate prostate	$36,092.10
55875	Transperi needle place pros	$7,089.18
55920	Place needles pelvic for rt	$8,728.98
56405	I & d of vulva/perineum	$1,500.00
56420	Drainage of gland abscess	$1,500.00
56440	Surgery for vulva lesion	$6,401.22
56441	Lysis of labial lesion(s)	$6,401.22
56442	Hymenotomy	$6,401.22
56501	Destroy vulva lesions sim	$1,500.00
56515	Destroy vulva lesion/s compl	$8,125.56
56605	Biopsy of vulva/perineum	$1,500.00
56608	Biopsy of vulva/perineum	$1,500.00
56620	Partial removal of vulva	$6,401.22
56625	Complete removal of vulva	$6,401.22
56700	Partial removal of hymen	$6,401.22
56740	Remove vagina gland lesion	$6,401.22
56800	Repair of vagina	$6,401.22
56805	Repair clitoris	$6,401.22
56810	Repair of perineum	$6,481.22
56820	Exam of vulva w/scope	$1,500.00
56821	Exam/biopsy of vulva w/scope	$1,500.00
57000	Exploration of vagina	$6,401.22
57010	Drainage of pelvic abscess	$8,401.22
57020	Drainage of pelvic fluid	$6,401.22
57022	I & d vaginal hematoma pp	$3,129.84
57023	I & d vag hematoma non-ob	$6,192.18
57061	Destroy vag lesions simple	$6,192.18
57065	Destroy vag lesions complex	$6,401.22
57105	Biopsy of vagina	$6,401.22
57120	Closure of vagina	$10,785.60
57130	Remove vagina lesion	$6,401.22
57135	Remove vagina lesion	$6,401.22
57150	Treat vagina infection	$1,500.00
57155	Insert uterl tandem/ovoids	$6,401.22
57156	Ins vag brachytx device	$1,500.00
57160	Insert pessary/other device	$1,500.00
57170	Fitting of diaphragm/cap	$1,500.00
57180	Treat vaginal bleeding	$1,500.00
57200	Repair of vagina	$6,401.22
57210	Repair vagina/perineum	$6,401.22
57220	Revision of urethra	$10,785.60
57230	Repair of urethral lesion	$6,401.22
57240	Repair bladder & vagina	$10,785.60
57250	Repair rectum & vagina	$10,765.60
57260	Repair of vagina	$10,765.60
57265	Extensive repair of vagina	$10,785.60
57267	Insert mesh/pelvic flr addon	$1,500.00
57268	Repair of bowel bulge	$6,401.22
57270	Repair of bowel pouch	$6,401.22
57287	Revise/remove sling repair	$6,401.22
57288	Repair bladder defect	$10,785.60
57289	Repair bladder & vagina	$15,621.00
57291	Construction of vagina	$6,401.22
57295	Revise vag graft via vagina	$6,401.22
57300	Repair rectum-vagina fistula	$6,401.22
57310	Repair urethrovaginal lesion	$15,621.00

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Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

25280	Revise wrist/forearm tendon	$7,317.24
25290	Incise wrist/forearm tendon	$7,317.24
25295	Release wrist/forearm tendon	$7,317.24
25300	Fusion of tendons at wrist	$7,317.24
25301	Fusion of tendons at wrist	$7,317.24
25310	Transplant forearm tendon	$7,317.24
25312	Transplant forearm tendon	$7,317.24
25315	Revise palsy hand tendon(s)	$15,906.54
25316	Revise palsy hand tendon(s)	$15,906.54
25320	Repair/revise wrist joint	$15,906.54
25332	Revise wrist joint	$7,317.24
25335	Realignment of hand	$7,317.24
25337	Reconstruct ulna/radeulnar	$15,906.54
25350	Revision of radius	$22,315.50
25355	Revision of radius	$7,317.24
25360	Revision of ulna	$15,906.54
25365	Revise radius & ulna	$29,888.52
25370	Revise radius or ulna	$7,317.24
25375	Revise radius & ulna	$7,317.24
25390	Shorten radius or ulna	$15,906.54
25391	Lengthen radius or ulna	$41,011.82
25392	Shorten radius & ulna	$7,317.24
25393	Lengthen radius & ulna	$7,317.24
25394	Repair carpal bone shorten	$7,317.24
25400	Repair radius or ulna	$15,906.54
25405	Repair/graft radius or ulna	$15,906.54
25415	Repair radius & ulna	$15,906.54
25420	Repair/graft radius & ulna	$22,060.14
25425	Repair/graft radius or ulna	$20,200.60
25426	Repair/graft radius & ulna	$9,908.94
25430	Vasc graft into carpal bone	$7,317.24
25431	Repair nonunion carpal bone	$15,906.54
25440	Repair/graft wrist bone	$15,906.54
25441	Reconstruct wrist joint	$46,326.06
25442	Reconstruct wrist joint	$72,839.48
25443	Reconstruct wrist joint	$22,803.32
25444	Reconstruct wrist joint	$45,452.64
25445	Reconstruct wrist joint	$21,654.79
25446	Wrist replacement	$73,876.44
25447	Repair wrist joints	$7,317.24
25449	Remove wrist joint implant	$15,906.54
25450	Revision of wrist joint	$7,317.24
25455	Revision of wrist joint	$7,317.24
25490	Reinforce radius	$15,909.54
25491	Reinforce ulna	$28,889.52
25492	Reinforce radius and ulna	$7,317.24
25500	Treat fracture of radius	$1,500.00
25505	Treat fracture of radius	$4,175.28
25515	Treat fracture of radius	$15,906.54
25520	Treat fracture of radius	$4,175.28
25525	Treat fracture of radius	$15,906.54
25526	Treat fracture of radius	$15,906.54
25530	Treat fracture of ulna	$1,500.00
25535	Treat fracture of ulna	$1,500.00
25545	Treat fracture of ulna	$15,906.54
25560	Treat fracture radius & ulna	$1,500.00
25565	Treat fracture radius & ulna	$4,175.28
25574	Treat fracture radius & ulna	$15,906.54
25575	Treat fracture radius/ulna	$15,906.54
25600	Treat fracture radius/ulna	$1,500.00
25605	Treat fracture radius/ulna	$4,175.28
25606	Treat fx distal radial	$7,317.24
25607	Treat fx rad extra-articul	$21,920.94
25608	Treat fx rad intra-articul	$21,818.28
25609	Treat fx radial 3+ frag	$22,077.72
25622	Treat wrist bone fracture	$1,500.00
25624	Treat wrist bone fracture	$4,175.28
25628	Treat wrist bone fracture	$15,906.54
25630	Treat wrist bone fracture	$1,500.00
25635	Treat wrist bone fracture	$4,175.29
25645	Treat wrist bone fracture	$7,317.24
25650	Treat wrist bone fracture	$1,500.00
25651	Pin ulnar styloid fracture	$7,317.24
25652	Treat fracture ulnar styloid	$15,906.54
25660	Treat wrist dislocation	$1,500.00
25670	Treat wrist dislocation	$7,317.24

33220	Repair lead pace-defib dual	$9,303.64
33221	Insert pulse gen multi leads	$76,359.16
33222	Relocation pocket pacemaker	$4,631.99
33223	Relocate pocket for defib	$4,631.89
33224	Insert pacing lead & connect	$49,320.90
33225	L ventric pacing lead add-on	$9,572.00
33229	Reposition l ventric lead	$7,658.10
33227	Remove&replace pm gen singl	$33,931.56
33228	Remv&replc pm gen dual lead	$45,669.12
33229	Remv&replc pm gen multi leads	$74,296.44
33230	Insrt pulse gen w/dual leads	$116,689.26
33231	Insrt pulse gen w/multi leads	$160,585.98
33233	Removal of pm generator	$22,036.00
33234	Removal of pacemaker system	$9,303.64
33235	Removal pacemaker electrode	$8,303.64
33236	Remove electrode/thoracotomy	$1,500.00
33237	Remove electrode/thoracotomy	$1,500.00
33238	Remove electrode/thoracotomy	$1,500.00
33240	Insrt pulse gen w/singl lead	$116,086.50
33241	Remove pulse generator	$8,303.64
33243	Remove eltrd/thoracotomy	$1,500.00
33244	Remove elctrd transvenously	$1,500.00
33248	Insl/rplcmt defib w/lead(s)	$160,269.66
33250	Ablate heart dysrhythm focus	$1,500.00
33251	Ablate heart dysrhythm focus	$1,500.00
33254	Ablate atria lmtd	$1,500.00
33255	Ablate atria w/o bypass ext	$1,500.00
33256	Ablate atria w/bypass exten	$1,500.00
33257	Ablate atria lmtd add-on	$1,500.00
33258	Ablate atria x10sv add-on	$1,500.00
33259	Ablate atria w/bypass add-on	$1,500.00
33261	Ablate heart dysrhythm focus	$1,500.00
33262	Rmvl& replc pulse gen 1 lead	$115,036.14
33263	Rmvl & rplcmt dfb gen 2 lead	$116,192.02
33264	Rmvl & rplcmt dfb gen mlt ld	$160,991.58
33265	Ablata atria lmtd endo	$1,500.00
33266	Ablata atria x10sv endo	$1,500.00
33270	ins/rep subq defibrillator	$159,653.16
33271	insl subq impltbl dfb elctrd	$35,588.34
33272	Rmvl of subq defibrillator	$1,500.00
33273	Repos prev impltbl subq dfb	$9,303.64
33282	Implsnt pat-active ht record	$36,795.90
33284	Remove pat-active ht record	$1,749.94
34111	Removal of arm artery clot	$8,550.00
34151	Removal of artery clot	$8,550.00
34201	Removal of artery clot	$8,550.00
34203	Removal of leg artery clot	$8,550.00
34401	Removal of vein clot	$8,550.00
34421	Removal of vein clot	$7,658.00
34451	Removal of vein clot	$76,858.00
34471	Removal of vein clot	$76,958.00
34490	Removal of vein clot	$7,658.10
35045	Repair defect of arm artery	$8,550.00
35199	Repair blood vessel lesion	$12,730.86
35190	Repair blood vessel lesion	$8,500.00
35201	Repair blood vessel lesion	$6,550.00
35206	Repair blood vessel lesion	$8,550.00
35207	Repair blood vessel lesion	$7,958.10
35286	Repair blood vessel lesion	$8,550.00
35761	Exploration of artery/vein	$7,658.10
35875	Removal of clot in graft	$12,730.86
35876	Removal of clot in graft	$12,730.99
36002	Pseudoaneurysm injection trt	$2,219.40
36260	Insertion of infusion pump	$21,619.60
36291	Revision of infusion pump	$12,916.92
36262	Removal of infusion pump	$8,303.64
36400	Bl draw < 3 yrs fem/jugular	$1,500.00
36405	Bl draw <3 yrs scalp vein	$1,500.00
36406	Bl draw <3 yrs other vein	$1,500.00
36410	Non-routine bl draw 3/> yrs	$1,500.00
36416	Capillary blood draw	$1,500.00
36420	Vein access cutdown < 1 yr	$1,500.00
36425	Vein access cutdown > 1 yr	$1,500.00
36430	Blood transfusion service	$1,500.00
36440	Bl push transfuse 2 yr/<	$1,500.00
36450	Bl exchange/transfuse nb	$1,500.00

57320	Repair bladder-vagina lesion	$10,795.60
57400	Dilation of vagina	$6,401.22
57410	Pelvic examination	$6,401.22
57415	Remove vaginal foreign body	$6,401.22
57420	Exam of vagina w/scope	$1,500.00
57421	Exam/biopsy of vag w/scope	$1,500.00
57425	Laparoscopy surg colpopexy	$8,550.00
57426	Revise prosth vag graft lap	$15,621.00
57452	Exam of cervix w/scope	$1,500.00
57454	Bx/curett of cervix w/scope	$1,500.00
57455	Biopsy of cervix w/scope	$1,500.00
57456	Endocerv curettage w/scope	$1,500.00
57460	Bx of cervix w/scope loop	$6,401.22
57461	Conz of cervix w/scope loop	$6,401.22
57500	Biopsy of cervix	$1,500.00
57505	Endocervical curettage	$1,500.00
57511	Cryocautery of cervix	$1,500.00
57513	Laser surgery of cervix	$6,401.22
57520	Conization of cervix	$6,401.22
57522	Conization of cervix	$6,401.22
57530	Removal of cervix	$6,401.22
57556	Remove cervix repair bowel	$10,785.60
57558	D&c of cervical stump	$6,401.22
57700	Revision of cervix	$6,401.22
57720	Revision of cervix	$6,401.22
57800	Dilation of cervical canal	$6,401.22
58120	Dilation and curettage	$6,401.22
58140	Myomectomy abdom method	$6,401.22
58145	Myomectomy vag method	$6,401.22
58146	Myomectomy abdom complex	$6,401.22
58150	Total hysterectomy	$12,400.00
58152	Total hysterectomy	$12,400.00
58180	Partial hysterectomy	$12,400.00
58200	Extensive hysterectomy	$12,400.00
58210	Extensive hysterectomy	$12,400.00
58240	Removal of pelvis contents	$12,400.00
58260	Vaginal hysterectomy	$10,785.60
58262	Vag hyst including t/o	$10,795.60
58263	Vag hyst w/t/o & vag repair	$10,785.60
58267	Vag hyst w/urinary repair	$10,795.60
58270	Vag hyst w/enterocele repair	$10,785.60
58275	Hysterectomy/revise vagina	$10,785.60
58280	Hysterectomy/revise vagina	$10,785.60
58295	Extensive hysterectomy	$10,795.60
58280	Vag hyst complex	$10,785.60
58301	Remove intrauterine device	$1,500.00
58321	Artificial insemination	$1,500.00
58322	Artificial insemination	$1,500.00
58323	Sperm washing	$1,500.00
58340	Catheter for hysterography	$1,500.00
58345	Reopen fallopian tube	$6,401.22
58346	Insert heyman uteri capsule	$6,401.22
58350	Reopen fallopian tube	$10,785.60
58353	Endometr.ablate thermal	$10,785.60
58356	Endometrial cryoablation	$9,911.76
58541	Lsh uterus 250 g or less	$12,240.24
58542	Lsh w/t/o ut 250 g or less	$19,665.00
58543	Lsh uterus above 250 g	$19,665.00
58544	Lsh w/t/o uterus above 250 g	$19,665.00
58545	Laparoscopic myomectomy	$12,240.24
58546	Laparo-myomectomy complex	$19,665.00
58550	Laparo-assl vag hystarectomy	$12,240.24
58552	Laparo-vag hyst incl t/o	$19,665.00
58553	Laparo-vag hyst complex	$19,665.00
58554	Laparo-vag hyst w/t/o compl	$19,665.00
58555	Hysteroscopy dx sep proc	$6,401.22
58558	Hysteroscopy biopsy	$6,401.22
58559	Hysteroscopy lysis	$10,785.60
58560	Hysteroscopy resect septum	$10,795.60
58561	Hysteroscopy remove myoma	$10,785.60
58562	Hysteroscopy remove fb	$6,401.22
58563	Hysteroscopy ablation	$10,785.60
58565	Hysteroscopy sterilization	$10,785.60
58570	Tlh uterus 250 g or less	$19,665.00
58571	Tlh w/t/o 250 g or less	$19,665.00
58573	Tlh w/t/o uterus over 250 g	$19,665.00

APPROVED

Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

25671	Pin radioulnar dislocation	$7,317.24
25675	Treat wrist dislocation	$1,500.00
25678	Treat wrist dislocation	$15,906.54
25680	Treat wrist fracture	$1,500.00
25685	Treat wrist fracture	$7,317.24
25690	Treat wrist dislocation	$4,175.28
25695	Treat wrist dislocation	$15,906.54
25800	Fusion of wrist joint	$22,166.88
25805	Fusion/graft of wrist joint	$15,906.54
25810	Fusion/graft of wrist joint	$29,868.52
25820	Fusion of hand bones	$15,906.54
25825	Fuse hand bones with graft	$15,906.54
25830	Fusion radioulnar jnt/ulna	$15,906.54
25900	Amputation of forearm	$15,906.54
25905	Amputation of forearm	$15,906.54
25907	Amputation follow-up surgery	$7,317.24
25909	Amputation follow-up surgery	$15,906.54
25915	Amputation of forearm	$15,906.54
25920	Amputate hand at wrist	$15,906.54
25922	Amputate hand at wrist	$4,175.28
25924	Amputation follow-up surgery	$15,906.54
25927	Amputation of hand	$15,906.54
25929	Amputation follow-up surgery	$4,831.88
25931	Amputation follow-up surgery	$7,317.24
25999	Forearm or wrist surgery	$15,906.54
26010	Drainage of finger abscess	$1,500.00
26011	Drainage of finger abscess	$3,129.84
26020	Drain hand tendon sheath	$7,317.24
26025	Drainage of palm bursa	$7,317.24
26030	Drainage of palm bursas	$7,317.24
26034	Treat hand bone lesion	$4,175.28
26035	Decompress fingers/hand	$7,317.24
26037	Decompress fingers/hand	$7,317.24
26040	Release palm contracture	$4,175.28
26045	Release palm contracture	$7,317.24
26055	Incise finger tendon sheath	$4,175.28
26060	Incision of finger tendon	$4,175.28
26070	Explore/treat hand joint	$4,175.28
26075	Explore/treat finger joint	$7,317.24
26080	Explore/treat finger joint	$4,175.28
26100	Biopsy hand joint lining	$7,317.24
26105	Biopsy finger joint lining	$7,317.24
26110	Biopsy finger joint lining	$4,175.28
26111	Exc hand les sc 1.5 cm/>	$3,129.84
26113	Exc hand tum deep 1.5 cm/>	$3,129.84
26115	Exc hand les sc < 1.5 cm	$3,129.84
26116	Exc hand tum deep < 1.5 cm	$3,129.84
26117	Rad resect hand tumor < 3 cm	$6,192.18
26118	Rad resect hand tumor 3 cm/>	$6,192.18
26121	Release palm contracture	$7,317.24
26123	Release palm contracture	$7,317.24
26125	Release palm contracture	$15,906.54
26130	Remove wrist joint lining	$7,317.24
26135	Revise finger joint each	$7,317.24
26140	Revise finger joint each	$4,175.28
26145	Tendon excision palm/finger	$4,175.28
26160	Remove tendon sheath lesion	$4,175.28
26170	Removal of palm tendon each	$4,175.28
26180	Removal of finger tendon	$4,175.28
26185	Remove finger bone	$4,175.28
26200	Remove hand bone lesion	$7,317.24
26205	Remove/graft bone lesion	$15,906.54
26210	Removal of finger lesion	$4,175.28
26215	Remove/graft finger lesion	$7,317.24
26230	Partial removal of hand bone	$7,317.24
26235	Partial removal finger bone	$4,175.28
26236	Partial removal finger bone	$4,175.28
26250	Extensive hand surgery	$7,317.24
26260	Resect prox finger tumor	$7,317.24
26262	Resect distal finger tumor	$7,317.24
26320	Removal of implant from hand	$3,129.84
26340	Manipulate finger w/anesth	$4,175.28
26341	Manipulat palm cord post inj	$1,500.00
26350	Repair finger/hand tendon	$7,317.24
26352	Repair/graft hand tendon	$7,317.24
26356	Repair finger/hand tendon	$7,317.24

36455	Bl exchange/transfuse non-nb	$1,500.00
36468	Injection(s) spider veins	$1,500.00
36470	Injection therapy of vein	$1,500.00
36471	Injection therapy of veins	$1,500.00
36473	Endovenous mchnchem 1st vein	$7,658.10
36474	Endovenous mchnchem add-on	$1,500.00
36475	Endovenous rf 1st vein	$7,658.10
36476	Endovenous rf vein add-on	$1,500.00
36478	Endovenous laser 1st vein	$7,658.10
36479	Endovenous laser vein addsn	$1,500.00
36481	Insertion of catheter vein	$1,500.00
36500	Insertion of catheter vein	$1,500.00
36510	Insertion of catheter vein	$1,500.00
36511	Apheresis wbc	$3,564.24
36512	Apheresis rbc	$3,564.24
36513	Apheresis platelets	$1,500.00
36514	Apheresis plasma	$3,564.24
36515	Apheresis adsorp/reinfuse	$10,341.72
36516	Apheresis selective	$10,341.72
36522	Photopheresis	$10,341.72
36555	Insert non-tunnel cv cath	$2,219.40
36556	Insert non-tunnel cv cath	$2,219.40
36557	Insert tunneled cv cath	$12,730.86
36558	Insert tunneled cv cath	$7,658.10
36560	Insert tunneled cv cath	$7,658.10
36561	Insert tunneled cv cath	$7,658.10
36563	Insert tunneled cv cath	$12,730.86
36565	Insert tunneled cv cath	$7,658.10
36566	Insert tunneled cv cath	$12,730.88
36568	Inserl picc cath	$2,219.40
36569	Insert picc cath	$2,219.40
36570	Insert picvad cath	$7,658.10
36571	Insert picvad cath	$7,658.10
36575	Repair tunneled cv cath	$2,219.40
36576	Repair tunneled cv cath	$2,219.40
36578	Replace tunneled cv cath	$7,658.10
36580	Replace cvad cath	$2,219.40
36581	Replace tunneled cv cath	$7,658.10
36582	Replace tunneled cv cath	$7,658.10
36583	Replace tunneled cv cath	$21,605.52
36584	Replace picc cath	$2,219.40
36585	Replace picvad cath	$7,658.10
36589	Removal tunneled cv cath	$2,219.40
36590	Removal tunneled cv cath	$2,219.40
36591	Draw blood off venous device	$1,500.00
36592	Collect blood from picc	$1,500.00
36593	Declot vascular device	$1,500.00
36595	Mech remov tunneled cv cath	$2,723.94
36596	Mech remov tunneled cv cath	$2,219.40
36597	Reposition venous catheter	$2,219.40
36598	Inj w/fluor eval cv device	$1,500.00
36600	Withdrawal of arterial blood	$1,500.00
36620	Insertion catheter artery	$1,500.00
36625	Insertion catheter artery	$1,500.00
36640	Insertion catheter artery	$7,658.10
36660	Insertion catheter artery	$1,500.00
36680	Insert needle bone cavity	$1,500.00
36800	Insertion of cannula	$12,730.86
36810	Insertion of cannula	$7,658.10
36815	Insertion of cannula	$12,730.86
36818	Av fuse uppr arm cephalic	$12,730.86
36819	Av fuse uppr arm basilic	$12,730.86
36820	Av fusion/forearm vein	$12,730.86
36821	Av fusion direct any site	$7,659.10
36823	Insertion of cannula(s)	$1,500.00
36825	Artery-vein autograft	$12,730.86
36830	Artery-vein nonautograft	$12,730.86
36831	Open thrombect av fistula	$12,730.86
36832	Av fistula revision open	$12,730.86
36833	Av fistula revision	$12,730.86
36835	Artery to vein shunt	$7,658.10
36860	External cannula declotting	$2,219.40
36861	Cannula declotting	$12,730.86
36901	Intro cath dialysis circuit	$2,219.40
36902	Intro cath dialysis circuit	$17,900.26
36903	Intro cath dialysis circuit	$33,818.36

58600	Division of fallopian tube	$6,401.22
58615	Occlude fallopian tube(s)	$6,401.22
58660	Laparoscopy lysis	$12,240.24
58661	Laparoscopy remove adnexa	$12,240.24
58662	Laparoscopy excise lesions	$12,240.24
58670	Laparoscopy tubal cautery	$12,240.24
58671	Laparoscopy tubal block	$12,240.24
58672	Laparoscopy fimbriopiasty	$12,240.24
58673	Laparoscopy salpingostomy	$12,240.24
58674	Laps abltl uterine fibroids	$26,514.12
58800	Drainage of ovarian cyst(s)	$6,401.22
58805	Drainage of ovarian cyst(s)	$6,401.22
58820	Drain ovary abscess open	$6,401.22
58900	Biopsy of ovary(s)	$6,401.22
58970	Retrieval of oocyte	$2,160.18
58974	Transfer of embryo	$1,500.00
58976	Transfer of embryo	$1,500.00
59000	Amniocentesis diagnostic	$1,500.00
59001	Amniocentesis therapeutic	$1,500.00
59012	Fetal cord puncture prenatal	$1,500.00
59015	Chorion biopsy	$1,500.00
59020	Fetal contract stress test	$1,500.00
59025	Fetal non-stress test	$1,500.00
59070	Transabdom amnioinfus w/us	$1,500.00
59072	Umbilical cord occlud w/us	$1,500.00
59074	Fetal fluid drainage w/us	$1,500.00
59076	Fetal shunt placement w/us	$1,500.00
59100	Remove uterus lesion	$6,401.22
59150	Treat ectopic pregnancy	$12,240.24
59151	Treat ectopic pregnancy	$12,240.24
59160	D & c after delivery	$6,401.22
59200	Insert cervical dilator	$1,500.00
59300	Episiotomy or vaginal repair	$1,500.00
59320	Revision of cervix	$6,401.22
59412	Antepartum manipulation	$6,401.22
59414	Deliver placenta	$6,401.22
59812	Treatment of miscarriage	$6,401.22
59820	Care of miscarriage	$6,401.22
59821	Treatment of miscarriage	$6,401.22
59840	Abortion	$6,401.22
59841	Abortion	$6,401.22
59870	Evacuate mole of uterus	$6,401.22
59871	Remove cerclage suture	$6,401.22
60000	Drain thyroid/tongue cyst	$3,369.18
60200	Remove thyroid lesion	$12,240.24
60210	Partial thyroid excision	$12,240.24
60212	Partial thyroid excision	$12,240.24
60220	Partial removal of thyroid	$12,240.24
60225	Partial removal of thyroid	$12,240.24
60240	Removal of thyroid	$12,240.24
60280	Remove thyroid duct lesion	$12,240.24
60281	Remove thyroid duct lesion	$12,240.24
60500	Explore parathyroid glands	$12,237.06
61000	Remove cranial cavity fluid	$1,645.38
61001	Remove cranial cavity fluid	$1,645.38
61020	Remove brain cavity fluid	$2,072.76
61026	Injection into brain canal	$1,645.38
61050	Remove brain canal fluid	$1,500.00
61055	Injection into brain canal	$1,500.00
61070	Brain canal shunt procedure	$1,645.38
61215	Insert brain-fluid device	$11,326.56
61330	Decompress eye socket	$5,645.64
61770	Incise skull for treatment	$11,326.56
61783	Scan proc spinal	$1,500.00
61790	Treat trigeminal nerve	$4,736.04
61791	Treat trigeminal tract	$4,736.04
61880	Revise/remove neuroelectrode	$8,728.20
61885	Insrt/redo neurostim 1 array	$95,868.72
61886	Implant neurostim arrays	$134,952.42
61888	Revise/remove neuroreceiver	$26,394.46
62194	Replace/irrigate catheter	$4,736.04
62225	Replace/irrigate catheter	$11,326.56
62230	Replace/revise brain shunt	$11,326.56
62263	Epidural lysis multi sessions	$2,072.76
62264	Epidural lysis on single day	$2,072.76
62267	Interdiscal percq aspir dx	$1,748.94

APPROVED

Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

26357	Repair finger/hand tendon	$7,317.24
26358	Repair/graft hand tendon	$7,317.24
26370	Repair finger/hand tendon	$7,317.24
26372	Repair/graft hand tendon	$15,906.54
26373	Repair finger/hand tendon	$7,317.24
26390	Revise hand/finger tendon	$15,906.54
26392	Repair/graft hand tendon	$15,906.54
26410	Repair hand tendon	$7,317.24
26412	Repair/graft hand tendon	$7,317.24
26415	Excision hand/finger tendon	$4,175.28
26416	Graft hand or finger tendon	$7,317.24
26418	Repair finger tendon	$7,317.24
26420	Repair/graft finger tendon	$7,317.24
26426	Repair finger/hand tendon	$7,317.24
26428	Repair/graft finger tendon	$7,317.24
26432	Repair finger tendon	$4,175.28
26433	Repair finger tendon	$7,317.24
26434	Repair/graft finger tendon	$7,317.24
26437	Realignment of tendons	$7,317.24
26440	Release palm/finger tendon	$4,175.28
26442	Release palm & finger tendon	$7,317.24
26445	Release hand/finger tendon	$7,317.24
26449	Release forearm/hand tendon	$7,317.24
26450	Incision of palm tendon	$7,317.24
26455	Incision of finger tendon	$4,175.28
26460	Incisn hand/finger tendon	$4,175.28
26471	Fusion of finger tendons	$7,317.24
26474	Fusion of finger tendons	$7,317.24
26476	Tendon lengthening	$7,317.24
26477	Tendon shortening	$7,317.24
26478	Lengthening of hand tendon	$7,317.24
26479	Shortening of hand tendon	$4,175.28
26480	Transplant hand tendon	$7,317.24
26483	Transplant/graft hand tendon	$7,317.24
26485	Transplant palm tendon	$7,317.24
26489	Transplant/graft palm tendon	$7,317.24
26490	Revise thumb tendon	$7,317.24
26492	Tendon transfer with graft	$7,317.24
26494	Hand tendon/muscle transfer	$7,317.24
26496	Revise thumb tendon	$7,317.24
26497	Finger tendon transfer	$7,317.24
26498	Finger tendon transfer	$7,317.24
26499	Revision of finger	$7,317.24
26500	Hand tendon reconstruction	$15,906.54
26502	Hand tendon reconstruction	$7,317.24
26508	Release thumb contracture	$7,317.24
26510	Thumb tendon transfer	$7,317.24
26516	Fusion of knuckle joint	$7,317.24
26517	Fusion of knuckle joints	$7,317.24
26518	Fusion of knuckle joints	$7,317.24
26520	Release knuckle contracture	$7,317.24
26525	Release finger contracture	$7,317.24
26530	Revise knuckle joint	$7,317.24
26531	Revise knuckle with implant	$22,103.34
26535	Revise finger joint	$7,317.24
26536	Revise/implant finger joint	$15,906.54
26540	Repair hand joint	$7,317.24
26541	Repair hand joint with graft	$7,317.24
26542	Repair hand joint with graft	$7,317.24
26545	Reconstruct finger joint	$7,317.24
26546	Repair nonunion hand	$15,906.54
26548	Reconstruct finger joint	$7,317.24
26550	Construct thumb replacement	$7,317.24
26551	Great toe-hand transfer	$15,906.54
26553	Single transfer toe-hand	$15,906.54
26554	Double transfer toe-hand	$15,906.54
26555	Positional change of finger	$15,906.54
26556	Toe joint transfer	$15,906.54
26560	Repair of web finger	$4,175.28
26561	Repair of web finger	$7,317.24
26562	Repair of web finger	$7,317.24
26565	Correct metacarpal flaw	$7,317.24
26567	Correct finger deformity	$7,317.24
26568	Lengthen metacarpal/finger	$22,779.00
26580	Repair hand deformity	$7,317.24
26587	Reconstruct extra finger	$7,317.24

36904	Thrmbc/nfs dialysis circuit	$17,900.28
36905	Thrmbc/nfs dialysis circuit	$33,918.36
36906	Thrmbc/nfs dialysis circuit	$53,101.56
37184	Prim art m-thrmbc 1st ust	$17,704.62
37187	Venous msch thrombectomy	$12,730.86
37188	Venous m-thrombectomy add-on	$7,656.10
37197	Remove intrvas foreign body	$7,656.10
37200	Transcatheter biopsy	$12,730.86
37211	Thrombolytic art therapy	$12,730.66
37212	Thrombolytic venous therapy	$7,656.10
37220	Iliac revasc	$13,276.32
37221	Iliac revasc w/stent	$35,424.96
37222	Iliac revasc add-on	$1,500.00
37223	Iliac revasc w/stent add-on	$1,500.00
37224	Fem/popl revas w/tla	$20,963.46
37225	Fem/popl revas w/ather	$43,062.72
37226	Fem/popl revasc w/stent	$38,547.18
37227	Fem/popl revasc stnt & ather	$63,192.12
37228	Tib/per revasc w/tla	$25,156.56
37229	Tib/per revasc w/ather	$56,872.14
37230	Tib/per revasc w/stent	$57,046.14
37231	Tib/per revasc stent & ather	$56,303.34
37236	Open/perq place stent 1st	$25,156.56
37238	Open/perq place stent same	$35,493.36
37241	Vasc embolize/occlude venous	$25,156.56
37242	Vasc embolize/occlude artery	$25,156.56
37243	Vasc embolize/occlude orgsn	$25,156.56
37246	Trtuml balo angiop 1st art	$17,900.28
37248	Trtuml balo angiop 1st vein	$17,900.28
37500	Endoscopy ligate perf veins	$12,730.86
37607	Ligation of a-v fistula	$7,656.10
37609	Temporal artery procedure	$3,129.84
37650	Revision of major vein	$7,656.10
37700	Revise leg vein	$7,656.10
37718	Ligate/strip short leg vein	$7,656.10
37722	Ligate/strip long leg vein	$7,656.10
37735	Removal of leg veins/lesion	$7,656.10
37760	Ligate leg veins radical	$7,656.10
37761	Ligate leg veins open	$2,219.40
37765	Stab phleb veins xtr 10-20	$2,021.94
37766	Phleb veins - extrem 20+	$2,271.78
37780	Revision of leg vein	$2,219.40
37785	Ligate/divide/excise vein	$7,656.10
37790	Penile venous occlusion	$7,089.16
37799	Vascular surgery procedure	$1,500.00
38200	Injection for spleen x-ray	$1,500.00
38204	Bl donor search management	$1,500.00
38206	Harvest auto stem cells	$3,564.24
38220	Bone marrow aspiration	$1,500.00
38221	Bone marrow biopsy	$1,500.00
38230	Bone marrow harvest allogsn	$3,564.24
38232	Bone marrow harvest autolog	$14,007.84
38241	Transplt autol hct/donor	$3,564.24
38242	Transplt allo lymphocytes	$3,564.24
38243	Trsnsplj hemstopoietic boost	$3,564.24
38300	Drainage lymph node lesion	$3,129.84
38305	Drainage lymph node lesion	$3,129.84
38308	Incision of lymph channels	$6,042.30
38500	Biopsy/removal lymph nodes	$6,042.30
38505	Needle biopsy lymph nodes	$3,129.84
38510	Biopsy/removal lymph nodes	$6,042.30
38520	Biopsy/removal lymph nodes	$6,042.30
38525	Biopsy/removal lymph nodes	$6,042.30
38530	Biopsy/removal lymph nodes	$6,042.30
38542	Explore deep node(s) neck	$12,240.24
38550	Removal neck/armpit lesion	$6,042.30
38555	Removal neck/armpit lesion	$11,619.06
38570	Laparoscopy lymph node biop	$12,240.24
38571	Laparoscopy lymphadenectomy	$19,665.00
38572	Laparoscopy lymphadenectomy	$19,665.00
38700	Removal of lymph nodes neck	$11,619.06
38720	Removal of lymph nodes neck	$12,240.24
38724	Removal of lymph nodes neck	$12,240.24
38740	Remove armpit lymph nodes	$12,240.24
38745	Remove armpit lymph nodes	$12,240.24
38760	Remove groin lymph nodes	$11,619.06

62268	Drain spinal cord cyst	$2,072.76
62269	Needle biopsy spinal cord	$3,129.84
62270	Spinal fluid tap diagnostic	$1,645.38
62272	Drain cerebro spinal fluid	$1,645.38
62273	Inject epidural patch	$1,645.38
62280	Treat spinal cord lesion	$2,072.76
62281	Treat spinal cord lesion	$2,072.76
62282	Treat spinal canal lesion	$2,072.76
62284	Injection for myelogram	$1,500.00
62287	Percutaneous diskectomy	$11,326.56
62290	Inject for spine disk x-ray	$1,500.00
62291	Inject for spine disk x-ray	$1,500.00
62292	Injection into disk lesion	$4,736.04
62294	Injection into spinal artery	$2,072.76
62302	Myelography lumbar injection	$1,500.00
62303	Myelography lumbar injection	$1,500.00
62304	Myelography lumbar injection	$1,500.00
62305	Myelography lumbar injection	$1,500.00
62320	Njx interlaminar crv/thrc	$1,645.38
62321	Njx interlaminar crv/thrc	$1,645.38
62322	Njx interlaminar lmbr/sac	$1,645.38
62323	Njx interlaminar lmbr/sac	$1,645.38
62324	Njx interlaminar crv/thrc	$2,072.76
62325	Njx interlaminar crv/thrc	$2,072.76
62326	Njx interlaminar lmbr/sac	$2,072.76
62327	Njx interlaminar lmbr/sac	$2,072.76
62350	Implant spinal canal cath	$11,326.56
62355	Remove spinal canal catheter	$4,736.04
62360	Insert spine infusion device	$72,547.44
62361	Implant spine infusion pump	$73,541.22
62362	Implant spine infusion pump	$77,453.70
62365	Remove spine infusion device	$11,326.56
62380	Ndsc dcmprn f ntrspc lumbar	$21,446.64
63001	Remove spine lamina 1/2 crvl	$15,906.54
63003	Remove spine lamina 1/2 thrc	$15,906.54
63005	Remove spine lamina 1/2 lmbr	$15,906.54
63011	Remove spine lamina 1/2 scrl	$15,906.54
63012	Remove lamina/facets lumbar	$15,906.54
63015	Remove spine lamina >2 crvcl	$15,906.54
63016	Remove spine lamina >2 thrc	$15,906.54
63017	Remove spine lamina >2 lmbr	$15,906.54
63020	Neck spine disk surgery	$15,906.54
63030	Low back disk surgery	$15,906.54
63035	Spinal disk surgery add-on	$15,906.54
63040	Laminotomy single cervical	$15,906.54
63042	Laminotomy single lumbar	$15,906.54
63043	Laminotomy addl cervical	$15,906.54
63044	Laminotomy addl lumbar	$15,906.54
63045	Remove spine lamina 1 crvl	$15,906.54
63046	Remove spine lamina 1 thrc	$15,906.54
63047	Remove spine lamina 1 lmbr	$15,906.54
63048	Remove spinal lamina add-on	$15,906.54
63050	Cervical laminopisty 2/> seg	$15,906.54
63051	C-laminopiasty w/graft/plate	$15,906.54
63055	Decompress spinal cord thrc	$15,906.54
63056	Decompress spinal cord lmbr	$15,906.54
63600	Remove spinal cord lesion	$4,736.04
63610	Stimulation of spinal cord	$4,736.04
63615	Remove lesion of spinal cord	$4,736.04
63650	Implant neuroelectrodes	$26,360.88
63655	Implant neuroelectrodes	$87,216.90
63661	Remove spine eltrd perq aray	$4,736.04
63662	Remove spine eltrd plate	$8,728.20
63663	Revise spine eltrd perq aray	$25,277.34
63664	Revise spine eltrd plate	$73,760.04
63685	Insrt/redo spine n generator	$133,270.20
63688	Revise/remove neuroreceiver	$8,728.20
63744	Revision of spinal shunt	$11,326.56
63746	Removal of spinal shunt	$4,736.04
64400	N block inj trigeminal	$1,500.00
64402	N block inj facial	$1,500.00
64405	N block inj occipital	$1,500.00
64408	N block inj vagus	$1,500.00
64410	N block inj phrenic	$2,072.76
64413	N block inj cervical plexus	$1,500.00
64415	N block inj brachial plexus	$2,072.76

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Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

26589	Repair finger deformity	$4,175.28
26591	Repair muscles of hand	$7,317.24
26593	Release muscles of hand	$7,317.24
26596	Excision constricting tissue	$7,317.24
26600	Treat metacarpal fracture	$4,175.28
26605	Treat metacarpal fracture	$4,175.28
26607	Treat metacarpal fracture	$7,317.24
26608	Treat metacarpal fracture	$7,317.24
26615	Treat metacarpal fracture	$7,317.24
26641	Treat thumb dislocation	$4,175.28
26645	Treat thumb fracture	$4,175.28
26650	Treat thumb fracture	$7,317.24
26665	Treat thumb fracture	$7,317.24
26670	Treat hand dislocation	$4,175.28
26675	Treat hand dislocation	$4,175.28
26676	Pin hand dislocation	$7,317.24
26685	Treat hand dislocation	$7,317.24
26686	Treat hand dislocation	$7,317.24
26700	Treat knuckle dislocation	$4,175.28
26705	Treat knuckle dislocation	$4,175.28
26706	Pin knuckle dislocation	$7,317.24
26715	Treat knuckle dislocation	$7,317.24
26720	Treat finger fracture each	$4,175.28
26725	Treat finger fracture each	$4,175.28
26727	Treat finger fracture each	$7,317.24
26735	Treat finger fracture each	$7,317.24
26740	Treat finger fracture each	$4,175.28
26742	Treat finger fracture each	$4,175.28
26746	Treat finger fracture each	$7,317.24
26750	Treat finger fracture each	$4,175.28
26755	Treat finger fracture each	$4,175.28
26756	Pin finger fractura each	$7,317.24
26765	Treat finger fracture each	$7,317.24
26770	Treat finger dislocation	$4,175.28
26775	Treat finger dislocation	$4,175.28
26776	Pin finger dislocation	$7,317.24
26785	Treat finger dislocation	$7,317.24
26820	Thumb fusion with graft	$15,906.54
26841	Fusion of thumb	$15,906.54
26842	Thumb fusion with graft	$15,906.54
26843	Fusion of hand joint	$15,906.54
26844	Fusion/graft of hand joint	$15,906.54
26850	Fusion of knuckle	$15,906.54
26852	Fusion of knuckle with graft	$15,906.54
26860	Fusion of finger joint	$7,317.24
26861	Fusion of finger jnt add-on	$15,806.54
26862	Fusion/graft of finger joint	$7,317.24
26863	Fuse/graft added joint	$15,906.54
26910	Amputate metacarpal bone	$7,317.24
26951	Amputation of finger/thumb	$7,317.24
26952	Amputation of finger/thumb	$7,317.24
26989	Hand/finger surgery	$15,906.54
26990	Drainage of pelvis lesion	$7,317.24
26991	Drainage of pelvis bursa	$7,317.24
26992	Drainage of bone lesion	$15,906.54
27000	Incision of hip tendon	$7,317.24
27001	Incision of hip tendon	$7,317.24
27003	Incision of hip tendon	$15,906.54
27005	Incision of hip tendon	$7,317.24
27006	Incision of hip tendons	$7,317.24
27025	Incision of hip/thigh fascia	$7,317.24
27027	Buttock fasciotomy	$7,317.24
27030	Drainage of hip joint	$7,317.24
27033	Exploration of hip joint	$7,317.24
27035	Denervation of hip joint	$7,317.24
27036	Excision of hip joint/muscle	$7,317.24
27040	Biopsy or soft tissues	$3,129.84
27041	Biopsy of soft tissues	$3,129.84
27043	Exc hip pelvis les sc 3 cm/>	$6,192.18
27045	Exc hip/pelv tum deep 5 cm/>	$6,182.18
27047	Exc hip/pelvis les sc < 3 cm	$6,182.18
27048	Exc hip/pelv tum deep < 5 cm	$6,192.18
27049	Resect hip/pelv tum < 5 cm	$6,192.18
27050	Biopsy of sacroiliac joint	$4,175.28
27052	Biopsy of hip joint	$4,175.28
27054	Removal of hip joint lining	$7,317.24

40500	Partial excision of lip	$5,645.64
40510	Partial excision of lip	$5,645.64
40520	Partial excision of lip	$5,645.64
40525	Reconstruct lip with flap	$5,645.64
40527	Reconstruct lip with flap	$12,237.06
40530	Partial removal of lip	$5,645.64
40650	Repair lip	$1,500.00
40652	Repair lip	$1,500.00
40654	Repair lip	$3,369.18
40700	Repair cleft lip/nasal	$12,237.06
40701	Repair cleft lip/nasal	$12,237.06
40702	Repair cleft lip/nasal	$12,237.06
40720	Repair cleft lip/nasal	$5,645.64
40761	Repair cleft lip/nasal	$12,237.06
49799	Lip surgery procedure	$1,500.00
40800	Drainage of mouth lesion	$1,500.00
40801	Drainage of mouth lesion	$1,500.00
40804	Removal foreign body mouth	$1,500.00
40805	Removal foreign body mouth	$1,500.00
40806	Incision of lip fold	$1,500.00
40808	Biopsy of mouth lesion	$1,500.00
40810	Excision of mouth lesion	$1,500.00
40812	Excise/repair mouth lesion	$1,500.00
40814	Excise/repair mouth lesion	$5,645.64
40816	Excision of mouth lesion	$5,645.64
40818	Excise oral mucosa for graft	$1,500.00
40819	Excise lip or cheek fold	$3,369.18
40820	Treatment of mouth lesion	$1,500.00
40830	Repair mouth laceration	$1,500.00
40831	Repair mouth laceration	$1,500.00
40840	Reconstruction of mouth	$12,237.06
40842	Reconstruction of mouth	$12,237.06
40843	Reconstruction of mouth	$12,237.06
40844	Reconstruction of mouth	$12,237.06
40845	Reconstruction of mouth	$12,237.06
40899	Mouth surgery procedure	$4,440.00
41000	Drainage of mouth lesion	$1,500.00
41005	Drainage of mouth lesion	$1,500.00
41006	Drainage of mouth lesion	$3,369.18
41007	Drainage of mouth lesion	$3,369.18
41008	Drainage of mouth lesion	$5,645.64
41009	Drainage of mouth lesion	$1,500.00
41010	Incision of tongue fold	$3,369.18
41015	Drainage of mouth lesion	$1,500.00
41016	Drainage of mouth lesion	$12,237.06
41017	Drainage of mouth lesion	$5,645.64
41018	Drainage of mouth lesion	$3,369.18
41019	Place needles h&n for rt	$12,237.06
41100	Biopsy of tongue	$1,500.00
41105	Biopsy of tongue	$1,500.00
41108	Biopsy of floor of mouth	$1,500.00
41110	Excision of tongue lesion	$1,500.00
41112	Excision of tongue lesion	$5,645.64
41113	Excision of tongue lesion	$5,645.64
41114	Excision of tongue lesion	$5,645.64
41115	Excision of tongue fold	$1,500.00
41116	Excision of mouth lesion	$5,645.64
41120	Partial removal of tongue	$12,237.06
41130	Partial removal of tongue	$12,237.06
41135	Tongue and neck surgery	$12,237.06
41140	Removal of tongue	$12,237.06
41145	Tongue removal neck surgery	$12,237.06
41150	Tongue mouth jaw surgery	$12,237.06
41153	Tongue mouth neck surgery	$12,237.06
41155	Tongue jaw & neck surgery	$1,500.00
41250	Repair tongue laceration	$1,500.00
41251	Repair tongue laceration	$1,500.00
41252	Repair tongue laceration	$1,500.00
41500	Fixation of tongue	$5,645.64
41510	Tongue to lip surgery	$5,645.64
41512	Tongue suspension	$12,237.06
41520	Reconstruction tongue fold	$5,645.64
41530	Tongue base vol reduction	$5,191.68
41599	Tongue and mouth surgery	$12,237.06
41800	Drainage of gum lesion	$1,500.00
41805	Removal foreign body gum	$1,500.00

64416	N block cont infuse b plex	$2,072.76
64417	N block inj axillary	$2,072.76
64418	N block inj suprascapular	$1,500.00
64420	N block inj intercost sng	$1,645.38
64421	N block inj intercost mlt	$2,072.76
64425	N block inj ilio-ing/hypogl	$1,500.00
64430	N block inj pudendal	$2,072.76
64435	N block inj paracervical	$1,500.00
64445	N block inj sciatic sng	$1,500.00
64446	N blk inj sciatic cont inf	$2,072.76
64447	N block inj fem single	$1,500.00
64448	N block inj fem cont inf	$2,072.76
64449	N block inj lumbar plexus	$2,072.76
64450	N block other peripheral	$1,500.00
64455	N block inj plantar digit	$1,500.00
64461	Pvb thoracic single inj site	$1,500.00
64462	Pvb thoracic 2nd+ inj site	$1,500.00
64463	Pvb thoracic cont infusion	$1,500.00
64479	Inj foramen epidural c/t	$2,072.76
64480	Inj foramen epidural add-on	$1,500.00
64483	Inj foramen epidural l/s	$2,072.76
64484	Inj foramen epidural add-on	$1,500.00
64486	Tap block unil by injection	$1,500.00
64487	Tap block uni by infusion	$1,500.00
64488	Tap block bi injection	$1,500.00
64489	Tap block bi by infusion	$1,500.00
64490	Inj paravert f jnt c/t 1 lev	$2,072.78
64491	Inj paravert f jnt c/t 2 lev	$1,500.00
64492	Inj paravert f jnt c/t 3 lev	$1,500.00
64493	Inj paravert f jnt l/s 1 lev	$2,072.76
64494	Inj paravert f jnt l/s 2 lev	$1,500.00
64495	Inj paravert f jnt l/s 3 lev	$1,500.00
64505	N block sphenopalatine gangl	$1,500.00
64508	N block carotid sinus s/p	$1,500.00
64510	N block stellate ganglion	$2,072.76
64517	N block inj hypogas plxs	$2,072.78
64520	N block lumbar/thoracic	$2,072.76
64530	N block inj celiac pelue	$2,072.76
64553	Implant neuroelectrodes	$27,255.66
64555	Implant neuroelectrodes	$27,323.22
64561	Implant neuroelectrodes	$28,706.24
64565	Implant neuroelectrodes	$28,993.22
64566	Neuroelird stim post tibial	$1,500.00
64568	Inc for vagus n elect impl	$135,129.90
64569	Revise/repl vagus n eltrd	$28,893.30
64579	Remove vagus n eltrd	$11,326.56
64575	Implant neuroelectrodes	$85,925.22
64580	Implant neuroelectrodes	$88,574.34
64581	Implant neuroelectrodes	$28,084.44
64585	Revise/remove neuroelectrode	$8,728.29
64590	Insrt/redo pn/gastr stimul	$96,023.70
64595	Revise/rmv pn/gastr stimul	$8,728.20
64600	Injection treatment of nerve	$2,072.78
64605	Injection treatment of nerve	$4,736.04
64610	Injection treatment of nerve	$4,736.04
64611	Chemodenerv sativ glands	$1,500.00
64612	Destroy nerve face muscle	$1,500.00
64615	Chemodenerv musc migraine	$1,500.00
64616	Chemodenerv musc neck dyston	$1,500.00
64617	Chemodener muscle larynx emg	$1,500.00
64620	Injection treatment of nerve	$2,072.76
64630	Injection treatment of nerve	$2,072.78
64632	N block inj common digit	$1,500.00
64633	Destroy cerv/thor facet jnt	$4,736.04
64634	Destroy c/th facet jnt add	$1,500.00
64635	Destroy lumb/sac facet jnt	$4,736.04
64636	Destroy l/s facet jnt add	$1,500.00
64640	Injection treatment of nerve	$1,500.00
64642	Chemodenerv 1 extremity 1-4	$1,500.00
64643	Chemodenerv 1 extrem 1-4 ea	$1,500.00
64644	Chemodenerv 1 extrem 5/> mus	$1,500.00
64645	Chemodenerv 1 extrem 5/> ea	$1,500.00
64646	Chemodenerv trunk musc 1-5	$1,500.00
64647	Chemodenerv trunk musc 6/>	$1,500.00
64650	Chemodenerv eccrine glands	$1,500.00
64653	Chemodenerv eccrine glands	$1,500.00

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Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

27057	Buttock fasciotomy w/dbrdmt	$7,317.24
27059	Resect hip/pelv tum 5 cm/>	$6,192.18
27060	Removal of ischial bursa	$7,317.24
27062	Remove femur lesion/bursa	$7,317.24
27065	Remove hip bone les super	$7,317.24
27066	Remove hip bone les deep	$7,317.24
27067	Remove/graft hip bone lesion	$15,906.54
27070	Part remove hip bone super	$15,906.54
27071	Part removal hip bone deep	$15,906.54
27075	Resect hip tumor	$15,906.54
27076	Resect hip tum incl acetabul	$15,906.54
27077	Resect hip tum w/innom bone	$15,906.54
27078	Resect hip tum incl femur	$15,906.54
27080	Removal of tail bone	$7,317.24
27086	Remove hip foreign body	$3,129.84
27087	Remove hip foreign body	$7,317.24
27090	Removal of hip prosthesis	$15,906.54
27091	Removal of hip prosthesis	$15,906.54
27093	Injection for hip x-ray	$15,906.54
27095	Injection for hip x-ray	$15,906.54
27097	Revision of hip tendon	$7,317.24
27098	Transfer tendon to pelvis	$7,317.24
27100	Transfer of abdominal muscle	$15,906.54
27105	Transfer of spinal muscle	$7,317.24
27110	Transfer of iliopsoas muscle	$15,906.54
27111	Transfer of iliopsoas muscle	$7,317.24
27120	Reconstruction of hip socket	$47,895.00
27122	Reconstruction of hip socket	$47,895.00
27125	Partial hip replacement	$47,895.00
27130	Total hip arthroplasty	$47,895.00
27132	Total hip arthroplasty	$47,895.00
27134	Revise hip joint replacement	$47,895.00
27137	Revise hip joint replacement	$47,895.00
27138	Revise hip joint replacement	$47,895.00
27140	Transplant femur ridge	$47,895.00
27148	Incision of hip bone	$47,895.00
27147	Revision of hip bone	$47,895.00
27151	Incision of hip bones	$47,895.00
27156	Revision of hip bones	$47,895.00
27158	Revision of pelvis	$47,895.00
27181	Incision of neck of femur	$47,895.00
27165	Incision/fixation of femur	$47,895.00
27170	Repair/graft femur head/neck	$47,895.00
27202	Treat tail bone fracture	$7,317.24
27220	Treat hip socket fracture	$1,500.00
27238	Treat thigh fracture	$4,175.28
27252	Treat hip dislocation	$4,175.28
27257	Treat hip dislocation	$4,175.29
27266	Treat hip dislocation	$4,175.28
27267	Clix thigh fx	$7,317.24
27275	Manipulation of hip joint	$4,175.28
27278	Arthradesis sacroiliac joint	$75,598.68
27301	Drain thigh/knee lesion	$6,192.18
27305	Incise thigh tendon & fascia	$7,317.24
27306	Incision of thigh tendon	$4,175.28
27307	Incision of thigh tendons	$7,317.24
27310	Exploration of knee joint	$7,317.24
27323	Biopsy thigh soft tissues	$3,129.84
27324	Biopsy thigh soft tissues	$6,192.18
27325	Neurectomy hamstring	$4,736.04
27328	Neurectomy popliteal	$4,736.04
27327	Exc thigh/knee les sc < 3 cm	$3,129.84
27328	Exc thigh/knee tum deep <5cm	$6,192.18
27329	Resect thigh/knee tum < 5 cm	$6,192.18
27330	Biopsy knee joint lining	$7,317.24
27331	Explore/treat knee joint	$7,317.24
27332	Removal of knee cartilage	$7,317.24
27333	Removal of knee cartilage	$7,317.24
27334	Remove knee joint lining	$7,317.24
27335	Remove knee joint lining	$15,908.54
27337	Exc thigh/knee les sc 3 cm/>	$6,192.18
27339	Exc thigh/knee tum dep 5cm/>	$6,192.18
27340	Removal of kneecap bursa	$7,317.24
27345	Removal of knee cyst	$7,317.24
27347	Remove knee cyst	$7,317.24
27350	Removal of kneecap	$7,317.24

41806	Removal foreign body jawbone	$1,509.48
41820	Excision gum each quadrant	$5,645.64
41821	Excision of gum flap	$3,369.18
41822	Excision of gum lesion	$12,237.06
41823	Excision of gum lesion	$1,918.62
41825	Excision of gum lesion	$12,237.06
41826	Excision of gum lesion	$12,237.06
41827	Excision of gum lesion	$12,237.06
41828	Excision of gum lesion	$4,752.00
41830	Removal of gum tissue	$3,168.00
41850	Treatment of gum lesion	$3,369.18
41870	Gum graft	$5,645.64
41872	Repair gum	$1,604.22
41874	Repair tooth socket	$1,574.10
41899	Dental surgery procedure	$9,000.00
42000	Drainage mouth roof lesion	$1,500.00
42100	Biopsy roof of mouth	$1,500.00
42104	Excision lesion mouth roof	$1,500.00
42106	Excision lesion mouth roof	$1,500.00
42107	Excision lesion mouth roof	$12,237.06
42120	Remove palate/lesion	$12,237.06
42140	Excision of uvula	$5,645.64
42145	Repair palate pharynx/uvula	$12,237.06
42160	Treatment mouth roof lesion	$1,500.00
42180	Repair palate	$1,500.00
42182	Repair palate	$12,237.06
42200	Reconstruct cleft palate	$12,237.06
42205	Reconstruct cleft palate	$5,645.64
42210	Reconstruct cleft palate	$12,237.06
42215	Reconstruct cleft palate	$12,237.06
42220	Reconstruct cleft palate	$12,237.06
42225	Reconstruct cleft palate	$12,237.06
42226	Lengthening of palate	$12,237.06
42227	Lengthening of palate	$12,237.06
42235	Repair palate	$12,237.06
42260	Repair nose to lip fistula	$12,237.06
42280	Preparation palate mold	$1,500.00
42281	Insertion palate prosthesis	$12,237.06
42299	Palate/uvula surgery	$1,500.00
42300	Drainage of salivary gland	$3,369.18
42305	Drainage of salivary gland	$5,645.64
42310	Drainage of salivary gland	$1,500.00
42320	Drainage of salivary gland	$1,500.00
42330	Removal of salivary stone	$1,500.00
42335	Removal of salivary stone	$5,645.64
42340	Removal of salivary stone	$5,645.64
42400	Biopsy of salivary gland	$1,500.00
42405	Biopsy of salivary gland	$5,645.84
42408	Excision of salivary cyst	$5,845.64
42409	Drainage of salivary cyst	$5,645.64
42410	Excise parotid gland/lesion	$12,237.06
42415	Excise parotid gland/lesion	$12,237.06
42420	Excise parotid gland/lesion	$12,237.06
42426	Excise parotid gland/lesion	$12,237.06
42440	Excise submaxillary gland	$12,237.06
42450	Excise sublingual gland	$12,237.06
42500	Repair salivary duct	$12,237.06
42505	Repair salivary duct	$12,237.06
42507	Parotid duct diversion	$12,237.06
42509	Parotid duct diversion	$12,237.06
42510	Parotid duct diversion	$5,645.64
42550	Injection for salivary x-ray	$1,500.00
42600	Closure of salivary fistula	$5,645.64
42650	Dilation of salivary duct	$1,500.00
42660	Dilation of salivary duct	$1,500.00
42665	Ligation of salivary duct	$5,645.64
42699	Salivary surgery procedure	$1,500.00
42700	Drainage of tonsil abscess	$1,500.00
42720	Drainage of throat abscess	$5,645.64
42725	Drainage of throat abscess	$12,237.06
42800	Biopsy of throat	$1,500.00
42804	Biopsy of upper nose/throat	$5,645.64
42806	Biopsy of upper nose/throat	$5,645.64
42808	Excise pharynx lesion	$5,645.84
42809	Remove pharynx foreign body	$1,500.00
42810	Excision of neck cyst	$5,645.84

64680	Injection treatment of nerve	$2,072.76
64681	Injection treatment of nerve	$2,072.76
64702	Revise finger/toe nerve	$4,736.04
64704	Revise hand/foot nerve	$4,736.04
64708	Revise arm/leg nerve	$4,736.04
64712	Revision of sciatic nerve	$4,736.04
64713	Revision of arm nerve(s)	$4,736.04
64714	Revise low back nerve(s)	$4,736.04
64716	Revision of cranial nerve	$4,736.04
64718	Revise ulnar nerve at elbow	$4,736.04
64719	Revise ulnar nerve at wrist	$4,736.04
64721	Carpal tunnel surgery	$4,736.04
64722	Relieve pressure on nerve(s)	$4,736.04
64726	Release foot/toe nerve	$4,736.04
64727	Internal nerve revision	$4,736.04
64732	Incision of brow nerve	$4,736.04
64734	Incision of cheek nerve	$4,736.04
64736	Incision of chin nerve	$4,736.04
64738	Incision of jaw nerve	$4,736.04
64740	Incision of tongue nerve	$4,736.04
64742	Incision of facial nerve	$4,736.04
64744	Incise nerve back of head	$4,736.04
64746	Incise diaphragm nerve	$4,736.04
64755	Incision of stomach nerves	$4,736.04
64760	Incision of vagus nerve	$4,736.04
64763	Incise hip/thigh nerve	$4,736.04
64766	Incise hip/thigh nerve	$15,265.74
64771	Sever cranial nerve	$4,736.04
64772	Incision of spinal nerve	$4,736.04
64774	Remove skin nerve lesion	$4,736.04
64776	Remove digit nerve lesion	$4,736.04
64778	Digit nerve surgery add-on	$1,500.00
64782	Remove limb nerve lesion	$4,736.04
64783	Limb nerve surgery add-on	$1,500.00
64784	Remove nerve lesion	$4,736.04
64786	Remove sciatic nerve lesion	$11,326.56
64787	Implant nerve end	$1,500.00
64788	Remove skin nerve lesion	$4,736.04
64790	Removal of nerve lesion	$4,736.04
64792	Removal of nerve lesion	$11,326.56
64795	Biopsy of nerve	$4,736.04
64802	Sympathectomy cervical	$4,736.04
64804	Remove sympathetic nerves	$4,736.04
64809	Remove sympathetic nerves	$4,736.04
64818	Remove sympathetic nerves	$4,736.04
64820	Sympathectomy digital artery	$4,736.04
64821	Remove sympathetic nerves	$7,317.24
64822	Remove sympathetic nerves	$7,317.24
64823	Sympathectomy cupit palmar	$4,175.28
64931	Repair of digit nerve	$11,326.56
64834	Repair of hand or foot nerve	$11,326.56
64835	Repair of hand or foot nerve	$11,326.56
64836	Repair of hand or foot nerve	$11,326.56
64840	Repair of leg nerve	$11,326.56
64856	Repair/transpose nerve	$11,326.56
64857	Repair arm/leg nerve	$11,326.56
64858	Repair sciatic nerve	$11,326.56
64881	Repair of arm nerves	$11,326.56
64862	Repair of low back nerves	$11,326.56
64864	Repair of facial nerve	$11,326.56
64865	Repair of facial nerve	$11,326.56
64885	Nerve graft head/neck </4 cm	$11,326.56
64886	Nerve graft head/neck >4 cm	$11,326.56
64890	Nerve graft hand/foot </4 cm	$15,167.30
64891	Nerve graft hand/foot >4 cm	$16,521.36
64892	Nerve graft arm/leg <4 cm	$11,326.56
64893	Nerve graft arm/leg >4 cm	$15,220.50
64895	Nerve graft hand/foot </4 cm	$11,326.56
64896	Nerve graft hand/foot >4 cm	$11,326.56
64897	Nerve graft arm/leg </4 cm	$18,564.06
64898	Nerve graft arm/leg >4 cm	$11,326.56
64901	Nerve graft add-on	$1,500.00
64902	Nerve graft add-on	$1,500.00
64905	Nerve pedicle transfer	$11,326.56
64907	Nerve pedicle transfer	$11,326.56
64910	Nerve repair w/allograft	$11,326.56

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Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

27355	Remove femur lesion	$7,317.24
27356	Remove femur lesion/graft	$45,777.66
27357	Remove femur lesion/graft	$15,906.54
27358	Remove femur lesion/fixation	$15,906.54
27360	Partial removal leg bone(s)	$7,317.24
27364	Resect thigh/knee tum 5 cm/>	$6,192.18
27365	Resect femur/knee tumor	$6,192.18
27370	Injection for knee x-ray	$1,500.00
27372	Removal of foreign body	$8,192.18
27380	Repair of kneecap tendon	$15,906.54
27381	Repair/graft kneecap tendon	$15,906.54
27385	Repair of thigh muscle	$15,906.54
27386	Repair/graft of thigh muscle	$15,906.54
27390	Incision of thigh tendon	$7,317.24
27391	Incision of thigh tendons	$7,317.24
27392	Incision of thigh tendons	$7,317.24
27393	Lengthening of thigh tendon	$7,317.24
27394	Lengthening of thigh tendons	$15,906.54
27395	Lengthening of thigh tendons	$7,317.24
27396	Transplant of thigh tendon	$15,906.54
27397	Transplants of thigh tendons	$24,859.92
27400	Revise thigh muscles/tendons	$15,906.54
27403	Repair of knee cartilage	$7,317.24
27405	Repair of knee ligament	$15,906.54
27407	Repair of knee ligament	$24,397.80
27409	Repair of knee ligaments	$15,906.54
27412	Autochondrocyte implant knee	$15,906.54
27415	Osteochondral knee allograft	$46,300.66
27416	Osteochondral knee autograft	$22,749.30
27418	Repair degenerated kneecap	$15,906.54
27420	Revision of unstable kneecap	$15,906.54
27422	Revision of unstable kneecap	$15,906.54
27424	Revision/removal of kneecap	$15,906.54
27425	Lat retinacular release open	$7,317.24
27427	Reconstruction knee	$15,906.54
27428	Reconstruction knee	$29,888.52
27429	Reconstruction knee	$29,888.52
27430	Revision of thigh muscles	$15,906.54
27435	Incision of knee joint	$7,317.24
27437	Revise kneecap	$15,906.54
27438	Revise kneecap with implant	$41,121.12
27440	Revision of knee joint	$42,030.06
27441	Revision of knee joint	$29,686.52
27442	Revision of knee joint	$42,702.90
27443	Revision of knee joint	$29,688.52
27445	Revision of knee joint	$42,939.00
27446	Revision of knee joint	$42,939.00
27447	Total knee arthroplasty	$42,939.00
27475	Surgery to stop leg growth	$15,906.54
27477	Surgery to stop leg growth	$22,569.54
27479	Surgery to stop leg growth	$22,569.54
27485	Surgery to stop leg growth	$22,569.54
27486	Revise/replace knee joint	$42,939.00
27487	Revise/replace knee joint	$42,939.00
27488	Removal of knee prosthesis	$42,939.00
27495	Reinforce thigh	$22,569.54
27496	Decompression of thigh/knee	$7,317.24
27497	Decompression of thigh/knee	$7,317.24
27498	Decompression of thigh/knee	$4,175.28
27499	Decompression of thigh/knee	$7,317.24
27500	Treatment of thigh fracture	$1,500.00
27501	Treatment of thigh fracture	$1,500.00
27502	Treatment of thigh fracture	$4,175.28
27503	Treatment of thigh fracture	$4,175.28
27506	Treatment of thigh fracture	$4,175.28
27507	Treatment of thigh fracture	$4,175.28
27508	Treatment of thigh fracture	$1,500.00
27509	Treatment of thigh fracture	$20,561.58
27510	Treatment of thigh fracture	$4,175.28
27511	Treatment of thigh fracture	$4,175.28
27513	Treatment of thigh fracture	$4,175.28
27514	Treatment of thigh fracture	$4,175.28
27516	Treat thigh fx growth plate	$4,175.28
27517	Treat thigh fx growth plate	$4,175.28
27519	Treat thigh fx growth plate	$4,175.28
27520	Treat kneecap fracture	$15,906.54

42815	Excision of neck cyst	$12,237.06
42820	Remove tonsils and adenoids	$12,237.06
42821	Remove tonsils and adenoids	$5,645.64
42825	Removal of tonsils	$12,237.06
42826	Removal of tonsils	$5,645.64
42830	Removal of adenoids	$5,645.64
42831	Removal of adenoids	$5,645.64
42835	Removal of adenoids	$5,645.64
42836	Removal of adenoids	$5,645.64
42842	Extensive surgery of throat	$12,237.06
42844	Extensive surgery of throat	$12,237.06
42845	Extensive surgery of throat	$1,500.00
42860	Excision of tonsil tags	$5,645.64
42870	Excision of lingual tonsil	$12,237.06
42890	Partial removal of pharynx	$12,237.06
42892	Revision of pharyngeal walls	$12,237.06
42900	Repair throat wound	$3,369.18
42950	Reconstruction of throat	$12,237.06
42955	Surgical opening of throat	$3,369.18
42962	Control throat bleeding	$5,645.64
42972	Control nose/throat bleeding	$5,645.64
43030	Throat muscle surgery	$12,237.06
43130	Removal of esophagus pouch	$12,237.06
43180	Esophagoscopy rigid trnso	$12,237.06
43191	Esophagoscopy rigid trnso dx	$3,651.18
43192	Esophagoscp rig trnse inject	$3,651.18
43193	Esophagoscp rig trnso biopsy	$3,651.18
43194	Esophagoscp rig trnso rem fb	$3,651.18
43195	Esophagoscopy rigid balloon	$6,814.08
43196	Esophagoscp guide wire dilat	$6,814.08
43200	Esophagoscopy flexible brush	$2,270.22
43201	Esoph scope w/submucous inj	$3,651.18
43202	Esophagoscopy flex biopsy	$3,651.18
43204	Esoph scope w/sclerosis inj	$3,651.18
43205	Esophagus endoscopy/ligation	$3,651.18
43206	Esoph optical endomicroscopy	$3,651.18
43210	Egd esophagogastro fndoplsty	$10,519.20
43211	Esophagoscop mucosal resect	$3,651.19
43212	Esophagoscop stent placement	$15,444.78
43213	Esophagoscopy retro balloon	$3,651.18
43214	Esophagosc dilate balloon 30	$3,651.18
43215	Esophagoscopy flex remove fb	$3,651.19
43216	Esophagoscopy lesion removal	$3,651.18
43217	Esophagoscopy snare les remv	$3,651.18
43220	Esophagoscopy balloon <30mm	$3,651.18
43226	Esoph endoscopy dilation	$3,651.18
43227	Esophagoscopy control bleed	$3,651.18
43229	Esophagoscopy lesion ablate	$6,814.08
43231	Esophagoscop ultrasound exam	$3,651.18
43232	Esophagoscopy w/us needle bx	$3,651.18
43233	Egd balloon dil esoph30 mm/>	$3,651.18
43235	Egd diagnostic brush wash	$2,270.22
43236	Uppr gi scope w/submuc inj	$2,270.22
43237	Endoscopic us exam esoph	$3,651.18
43238	Egd us fine needle bx/aspir	$3,651.18
43239	Egd biopsy single/multiple	$2,270.22
43240	Egd w/transmural drain cyst	$6,814.08
43241	Egd tube/cath insertion	$3,651.18
43242	Egd us fine needle bx/aspir	$3,651.18
43243	Egd injection varices	$3,651.18
43244	Egd varices ligation	$3,651.18
43245	Egd dilate stricture	$3,651.18
43246	Egd place gastrostomy tube	$3,651.18
43247	Egd remove foreign body	$2,270.22
43248	Egd guide wire insertion	$2,270.22
43249	Esoph egd dilation <30 mm	$3,651.18
43250	Egd cautery tumor polyp	$3,651.18
43251	Egd remove lesion snare	$3,651.18
43252	Egd optical endomicroscopy	$6,814.08
43253	Egd us transmural injxn/mark	$3,651.18
43254	Egd endo mucosal resection	$3,651.18
43255	Egd control bleeding any	$3,651.18
43257	Egd w/thrml txmnt gerd	$6,814.08
43259	Egd us exam duodenum/jejunum	$3,651.18
43260	Ercp w/specimen collection	$6,814.08
43261	Endo cholangiopancreatograph	$6,814.08

65091	Revise eye	$7,831.68
65093	Revise eye with implant	$7,831.68
65101	Removal of eye	$7,831.68
65103	Remove eye/insert implant	$7,831.68
65105	Remove eye/attach implant	$7,831.68
65110	Removal of eye	$7,831.68
65112	Remove eye/revise socket	$7,831.68
65114	Remove eye/revise socket	$7,831.68
65125	Revise ocular implant	$4,753.98
65130	Insert ocular implant	$7,831.68
65135	Insert ocular implant	$7,831.68
65140	Attach ocular implant	$7,831.86
65150	Revise ocular implant	$7,831.68
65155	Reinsert ocular implant	$7,831.68
65175	Removal of ocular implant	$7,831.68
65205	Remove foreign body from eye	$1,500.00
65210	Remove foreign body from eye	$1,500.00
65220	Remove foreign body from eye	$1,500.00
65222	Remove foreign body from eye	$1,500.00
65235	Remove foreign body from eye	$5,869.26
65260	Remove foreign body from eye	$5,669.26
65285	Remove foreign body from eye	$5,869.26
65270	Repair of eye wound	$4,753.98
65272	Repair of eye wound	$4,753.98
65275	Repair of eye wound	$7,831.68
65280	Repair of eye wound	$10,500.06
65285	Repair of eye wound	$10,500.06
65286	Repair of eye wound	$2,754.12
65290	Repair of eye socket wound	$7,831.68
65400	Removal of eye lesion	$2,512.80
65410	Biopsy of cornea	$4,753.88
65420	Removal of eye lesion	$4,753.88
65426	Removal of eye lesion	$4,753.98
65430	Corneal smear	$1,500.00
65435	Curette/treat cornea	$1,500.00
65436	Curette/treat cornea	$4,753.98
65450	Treatment of corneal lesion	$1,500.00
65600	Revision of cornea	$4,753.98
65710	Corneal transplant	$10,500.06
65730	Corneal transplant	$10,500.06
65750	Corneal transplant	$10,500.06
65755	Corneal transplant	$10,500.06
65756	Corneal trnspl endothelial	$10,500.06
65757	Prop corneal endo allograft	$1,500.00
65770	Revise cornea with implant	$39,306.78
65772	Correction of astigmatism	$2,512.80
65775	Correction of astigmatism	$4,753.98
65778	Cover eye w/membrane	$4,753.98
65779	Cover eye w/membrane suture	$4,753.98
65780	Ocular reconst transplant	$7,831.68
65781	Ocular reconst transplant	$10,500.06
65782	Ocular reconst transplant	$7,831.68
65785	Implt ntrstrml cmt rng scg	$10,500.06
65800	Drainage of eye	$5,869.26
65810	Drainage of eye	$5,869.26
65815	Drainage of eye	$5,669.26
65820	Relieve inner eye gressura	$10,500.06
65850	Incision of eye	$5,869.26
65855	Trabeculoplasty laser surg	$5,869.26
65860	Incise inner eye adhesions	$5,869.26
65865	Incise inner eye adhesions	$5,869.26
65870	Incise inner eye adhesions	$5,869.26
65875	Incise inner eye adhesions	$5,869.26
65880	Incise inner eye adhesions	$10,500.06
65900	Remove eye lesion	$5,869.26
65920	Remove implant of eye	$5,869.26
65930	Remove blood clot from eye	$5,669.26
66020	Injection treatment of eye	$5,969.26
66030	Injection treatment of eye	$5,669.26
66130	Remove eye lesion	$4,753.98
66150	Glaucoma surgery	$10,500.06
66155	Glaucoma surgery	$10,500.06
66160	Glaucoma surgery	$5,669.26
66170	Glaucoma surgery	$5,669.26
66172	Incision of eye	$5,869.26
66174	Transluml dil eye canal	$10,500.06

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Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

27524	Treat kneecap fracture	$15,906.54
27530	Treat knee fracture	$7,317.24
27532	Treat knee fracture	$7,317.24
27535	Treat knee fracture	$7,317.24
27536	Treat knee fracture	$7,317.24
27538	Treat knee fracture(s)	$7,317.24
27540	Treat knee fracture	$7,317.24
27550	Treat knee dislocation	$4,175.28
27552	Treat knee dislocation	$4,175.28
27556	Treat knee dislocation	$7,317.24
27557	Treat knee dislocation	$7,317.24
27558	Treat knee dislocation	$7,317.24
27560	Treat kneecap dislocation	$7,317.24
27562	Treat kneecap dislocation	$7,317.24
27566	Treat kneecap dislocation	$15,906.54
27570	Fixation of knee joint	$4,175.28
27580	Fusion of knee	$15,906.54
27590	Amputate leg at thigh	$15,906.54
27591	Amputate leg at thigh	$15,906.54
27592	Amputate leg at thigh	$15,906.54
27594	Amputation follow-up surgery	$7,317.24
27596	Amputation follow-up surgery	$7,317.24
27598	Amputate lower leg at knee	$15,906.54
27599	Leg surgery procedure	$7,317.24
27600	Decompression of lower leg	$7,317.24
27601	Decompression of lower leg	$7,317.24
27602	Decompression of lower leg	$7,317.24
27603	Drain lower leg lesion	$8,192.18
27604	Drain lower leg bursa	$7,317.24
27605	Incision of achilles tendon	$4,175.28
27606	Incision of achilles tendon	$7,317.24
27607	Treat lower leg bone lesion	$7,317.24
27610	Explore/treat ankle joint	$7,317.24
27612	Exploration of ankle joint	$7,317.24
27613	Biopsy lower leg soft tissue	$1,500.00
27614	Biopsy lower leg soft tissue	$8,192.18
27615	Resect leg/ankle tum < 5 cm	$6,192.16
27616	Resect leg/ankle tum 5 cm/>	$6,192.18
27618	Exc leg/ankle tum < 3 cm	$3,129.84
27619	Exc leg/ankle tum deep <5 cm	$6,192.18
27620	Explore/treat ankle joint	$7,317.24
27625	Remove ankle joint lining	$7,317.24
27626	Remove ankle joint lining	$7,317.24
27630	Removal of tendon lesion	$7,317.24
27632	Exc leg/ankle lesion sc 3 cm/>	$8,192.18
27634	Exc leg/ankle tum dep 5 cm/>	$6,192.18
27635	Remove lower leg bone lesion	$7,317.24
27637	Remove/graft leg bone lesion	$15,906.54
27638	Remove/graft leg bone lesion	$15,906.54
27640	Partial removal of tibia	$7,317.24
27641	Partial removal of fibula	$7,317.24
27645	Resect tibia tumor	$7,317.24
27646	Resect fibula tumor	$7,317.24
27647	Resect talus/calcaneus tum	$7,317.24
27648	Injection for ankle x-ray	$1,500.00
27650	Repair achillas tendon	$7,317.24
27652	Repair/graft achilles tendon	$15,906.54
27654	Repair of achilles tendon	$15,906.54
27656	Repair leg fascia defect	$7,317.24
27658	Repair of leg tendon each	$7,317.24
27659	Repair of leg tendon each	$15,906.54
27664	Repair of leg tendon each	$15,906.54
27665	Repair of leg tendon each	$15,906.54
27675	Repair lower leg tendons	$7,317.24
27676	Repair lower leg tendons	$15,906.54
27680	Release of lower leg tendon	$7,317.24
27681	Release of lower leg tendons	$7,317.24
27685	Revision of lower leg tendon	$7,317.24
27686	Revise lower leg tendons	$7,317.24
27687	Revision of calf tendon	$7,317.24
27690	Revise lower leg tendon	$15,908.54
27691	Revise lower leg tendon	$15,906.54
27692	Revise additional leg tendon	$15,806.54
27695	Repair of ankle ligament	$15,906.54
27696	Repair of ankle ligaments	$15,906.54
27698	Repair of ankle ligament	$15,908.54

43262	Endo cholangiopancreatograph	$6,814.08
43263	Ercp sphincter pressure meas	$6,614.08
43264	Ercp remove duct calculi	$6,814.08
43265	Ercp lithotripsy calculi	$10,519.20
43266	Egd endoscopic stent place	$15,771.84
43270	Egd lesion ablation	$3,651.18
43273	Endoscopic pancreatoscopy	$1,500.00
43274	Ercp duct stent placement	$10,519.20
43275	Ercp remove foreign body duct	$6,814.08
43276	Ercp stent exchange w/dilate	$10,519.20
43277	Ercp ea duct/ampulla dilate	$6,814.08
43278	Ercp lesion ablate w/dilate	$6,814.08
43284	Laps esophgl sphnctr agmntj	$27,817.14
43285	Rmvl esophgl sphnctr dev	$16,503.42
43450	Dilate esophagus 1/multi pass	$2,270.22
43453	Dilate esophagus	$3,651.18
43653	Laparoscopy gastrostomy	$12,240.24
43756	Dx duod intub w/asp speo	$2,270.22
43757	Dx duod intub w/asp specs	$2,270.22
43770	Lap place gastr adj device	$8,550.00
43771	Lap revise gastr adj device	$4,983.00
43772	Lap rmvl gastr adj device	$4,983.00
43773	Lap replace gastr adj device	$5,265.00
43774	Lap rmvl gastr adj elt parts	$6,294.00
43775	Lap sleeve gastrectomy	$8,550.00
43870	Repair stomach opening	$8,814.08
43886	Revise gastric port open	$8,125.56
43887	Remove gastric port open	$4,631.68
43888	Change gastric port open	$8,125.56
44100	Biopsy of bowel	$2,270.22
44312	Revision of ileostomy	$8,125.56
44314	Revision of ileostomy	$8,125.56
44340	Revision of colostomy	$8,125.56
44345	Revision of colostomy	$8,125.56
44346	Revision of colostomy	$8,125.56
44360	Small bowel endoscopy	$3,651.18
44361	Small bowel endoscopy/biopsy	$3,651.18
44363	Small bowel endoscopy	$3,651.18
44364	Small bowel endoscopy	$3,651.18
44365	Small bowel endoscopy	$3,651.18
44366	Small bowel endoscopy	$3,651.18
44369	Small bowel endoscopy	$3,651.18
44370	Small bowel endoscopy/stent	$15,200.82
44372	Small bowel endoscopy	$3,651.18
44373	Small bowel endoscopy	$3,651.18
44376	Small bowel endoscopy	$3,651.18
44377	Small bowel endoscopy/biopsy	$3,651.18
44378	Small bowel endoscopy	$3,651.18
44379	S bowel endoscope w/stent	$10,519.20
44380	Small bowel endoscopy br/wa	$2,270.22
44381	Small bowel endoscopy br/wa	$3,651.18
44382	Small bowel endoscopy	$2,270.22
44384	Small bowel endoscopy	$6,814.08
44385	Endoscopy of bowel pouch	$2,166.06
44388	Endoscopy bowel pouch/biop	$2,166.06
44388	Colonoscopy thru stoma spx	$2,166.06
44389	Colonoscopy with biopsy	$2,847.06
44390	Colonoscopy for foreign body	$2,847.06
44391	Colonoscopy for bleeding	$2,847.06
44392	Colonoscopy & polypectomy	$2,847.06
44394	Colonoscopy w/snare	$2,847.06
44401	Colonoscopy with ablation	$2,847.06
44402	Colonoscopy w/stent plcmt	$16,827.04
44403	Colonoscopy w/resection	$2,847.06
44404	Colonoscopy w/injection	$2,847.06
44405	Colonoscopy w/dilation	$2,847.06
44406	Colonoscopy w/ultrasound	$2,847.06
44407	Colonoscopy w/ndl aspir/bx	$2,847.06
44408	Colonoscopy w/decompression	$2,166.06
44500	Intro gastrointestinal tube	$2,270.22
44970	Laparoscopy appendectomy	$6,550.00
44979	Laparoscope proc app	$6,688.14
45000	Drainage of pelvic abscess	$2,847.06
45005	Drainage of rectal abscess	$2,847.06
45020	Drainage of rectal abscess	$6,688.14
45100	Biopsy of rectum	$6,688.14

66175	Trnslum dil eye canal w/stnt	$10,500.06
66179	Aqueous shunt eye w/o graft	$10,500.06
66180	Aqueous shunt eye w/graft	$10,500.06
66183	Insert ant drainage device	$10,500.06
66184	Revision of aqueous shunt	$5,869.26
66185	Revise aqueous shunt eye	$5,869.26
66220	Repair eye lesion	$5,869.26
66225	Repair/graft eye lesion	$10,500.06
66250	Follow-up surgery of eye	$4,753.98
66500	Incision of iris	$5,869.26
66505	Incision of iris	$5,869.26
66600	Remove iris and lesion	$10,500.06
66605	Removal of iris	$5,869.26
66625	Removal of iris	$5,869.26
66630	Removal of iris	$5,869.26
66635	Removal of iris	$5,869.26
66680	Repair iris & ciliary body	$5,869.26
66682	Repair iris & ciliary body	$5,869.26
66700	Destruction ciliary body	$5,869.26
66710	Ciliary transscleral therapy	$4,753.98
66711	Ciliary endoscopic ablation	$5,869.26
66720	Destruction ciliary body	$4,753.98
66740	Destruction ciliary body	$4,753.98
66761	Revision of iris	$1,500.00
66762	Revision of iris	$1,524.30
66770	Removal of inner eye lesion	$1,524.30
66820	Incision secondary cataract	$5,869.26
66821	After cataract laser surgery	$1,524.30
66825	Reposition intraocular lens	$5,869.26
66830	Removal of lens lesion	$5,869.26
66840	Removal of lens material	$5,869.26
66850	Removal of lens material	$5,869.26
66852	Removal of lens material	$10,500.06
66920	Extraction of lens	$5,869.26
66930	Extraction of lens	$10,500.06
66940	Extraction of lens	$5,869.26
66982	Cataract surgery complex	$5,869.26
66983	Cataract surg w/iol 1 stage	$5,669.26
66984	Cataract surg w/iol 1 stage	$5,869.26
66985	Insert lens prosthesis	$5,869.26
66986	Exchange lens prosthesis	$5,869.26
66990	Ophthalmic endoscope add-on	$1,500.00
67005	Partial removal of eye fluid	$5,869.26
67010	Partial removal of eye fluid	$5,869.26
67015	Release of eye fluid	$5,869.26
67025	Replace eye fluid	$5,869.26
67027	Implant eye drug system	$9,391.56
67028	Injection eye drug	$1,500.00
67030	Incise inner eye strands	$5,869.26
67031	Laser surgery eye strands	$1,524.30
67036	Removal of inner eye fluid	$10,500.06
67039	Laser treatment of retina	$10,500.06
67040	Laser treatment of retina	$10,500.06
67041	Vit for macular pucker	$10,500.06
67042	Vit for macular hole	$10,500.06
67043	Vit for membrane dissect	$10,500.06
67101	Repair detached retina crtx	$10,500.06
67105	Repair deteched retina pc	$10,500.06
67107	Repair detached retina	$10,500.06
67108	Repair detached retina	$10,500.06
67110	Repair detached retina	$2,978.04
67113	Repair retinal detach cplx	$10,500.06
67115	Release encircling material	$10,500.06
67120	Remove eye implant material	$5,869.26
67121	Remove eye implant material	$5,669.26
67141	Treatment of retina	$1,500.00
67145	Treatment of retina	$1,524.30
67208	Treatment of retinal lesion	$1,500.00
67210	Treatment of retinal lesion	$1,524.30
67218	Treatment of retinal lesion	$7,831.68
67220	Treatment of choroid lesion	$1,524.30
67221	Ocular photodynamic ther	$1,500.00
67225	Eye photodynamic ther add-on	$1,500.00
67227	Dstrj extensive retinopathy	$7,831.68
67228	Treatment x10sv retinopathy	$1,500.00
67229	Tr retinal les preterm inf	$1,524.30

APPROVED

Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

27700	Revision of ankle joint	$15,906.54
27702	Reconstruct ankle joint	$40,560.00
27703	Reconstruction ankle joint	$40,560.00
27704	Removal of ankle implant	$7,317.24
27705	Incision of tibia	$15,906.54
27707	Incision of fibula	$7,317.24
27709	Incision of tibia & fibula	$40,560.00
27712	Realignment of lower leg	$40,560.00
27715	Revision of lower leg	$40,560.00
27720	Repair of tibia	$15,906.54
27722	Repair/graft of tibia	$15,906.54
27724	Repair/graft of tibia	$15,906.54
27725	Repair of lower leg	$15,906.54
27726	Repair fibula nonunion	$15,906.54
27727	Repair of lower leg	$15,906.54
27730	Repair of tibia epiphysis	$7,317.24
27732	Repair of fibula epiphysis	$7,317.24
27734	Repair lower leg epiphyses	$7,317.24
27740	Repair of leg epiphyses	$9,972.08
27742	Repair of leg epiphyses	$7,317.24
27745	Reinforce tibia	$18,118.56
27750	Treatment of tibia fracture	$4,175.28
27752	Treatment of tibia fracture	$4,175.28
27756	Treatment of tibia fracture	$15,906.54
27758	Treatment of tibia fracture	$29,888.52
27759	Treatment of tibia fracture	$29,888.52
27760	Clbx medial ankle fx	$4,175.28
27762	Clbx med ankle fx w/mnpj	$4,175.28
27766	Optx medial ankle fx	$15,906.54
27767	Clbx post ankle fx	$4,175.28
27766	Clbx post ankle fx w/mnpj	$4,175.28
27769	Optx post ankle fx	$15,906.54
27780	Treatment of fibula fracture	$4,175.28
27781	Treatment of fibula fracture	$4,175.28
27784	Treatment of fibula fracture	$15,906.54
27786	Treatment of ankle fracture	$4,175.28
27788	Treatment of ankle fracture	$4,175.28
27792	Treatment of ankle fracture	$15,906.54
27808	Treatment of ankle fracture	$4,175.28
27810	Treatment of ankle fracture	$4,175.28
27814	Treatment of ankle fracture	$15,906.54
27816	Treatment of ankle fracture	$4,175.28
27818	Treatment of ankle fracture	$4,175.28
27822	Treatment of ankle fracture	$15,906.54
27823	Treatment of ankle fracture	$15,906.54
27824	Treat lower leg fracture	$4,175.28
27825	Treat lower leg fracture	$4,175.28
27826	Treat lower leg fracture	$15,906.54
27827	Treat lower leg fracture	$29,888.52
27828	Treat lower leg fracture	$29,888.52
27829	Treat lower leg joint	$15,906.54
27830	Treat lower leg dislocation	$7,317.24
27831	Treat lower leg dislocation	$7,317.24
27832	Treat lower leg dislocation	$15,906.54
27840	Treat ankle dislocation	$4,175.28
27842	Treat ankle dislocation	$4,175.28
27846	Treat ankle dislocation	$15,906.54
27848	Treat ankle dislocation	$15,906.54
27860	Fixation of ankle joint	$7,317.24
27870	Fusion of ankle joint open	$40,095.38
27871	Fusion of tibiofibular joint	$39,557.10
27880	Amputation of lower leg	$40,095.36
27881	Amputation of lower leg	$40,095.36
27882	Amputation of lower leg	$40,095.36
27884	Amputation follow-up surgery	$7,317.24
27886	Amputation follow-up surgery	$7,317.24
27888	Amputation of foot at ankle	$7,317.24
27889	Amputation of foot at ankle	$15,906.54
27892	Decompression of leg	$7,317.24
27893	Decompression of leg	$15,906.54
27894	Decompression of leg	$4,175.28
27899	Leg/ankle surgery procedure	$15,906.54
28001	Drainage of bursa of foot	$4,175.28
28002	Treatment of foot infection	$7,317.24
28003	Treatment of foot infection	$7,317.24
28005	Treat foot bone lesion	$7,317.24

45108	Removal of anorectal lesion	$6,688.14
45150	Excision of rectal stricture	$2,847.06
45160	Excision of rectal lesion	$6,688.14
45171	Exc rect tum transanal part	$6,688.14
45172	Exc rect tum transanal full	$6,688.14
45190	Destruction rectal tumor	$6,688.14
45300	Proctosigmoidoscopy dx	$2,166.06
45303	Proctosigmoidoscopy dilate	$2,847.06
45305	Proctosigmoidoscopy w/bx	$2,847.06
45307	Proctosigmoidoscopy fb	$6,688.14
45308	Proctosigmoidoscopy removal	$8,688.14
45309	Proctosigmoidoscopy removal	$2,847.06
45315	Proctosigmoidoscopy removal	$2,847.06
45317	Proctosigmoidoscopy bleed	$2,847.06
45320	Proctosigmoidoscopy ablate	$6,688.14
45321	Proctosigmoidoscopy volvul	$6,688.14
45327	Proctosigmoidoscopy w/stent	$10,519.20
45330	Diagnostic sigmoidoscopy	$2,166.06
45331	Sigmoidoscopy and biopsy	$2,166.06
45332	Sigmoidoscopy w/fb removal	$2,847.06
45333	Sigmoidoscopy & polypectomy	$2,166.06
45334	Sigmoidoscopy for bleeding	$2,847.06
45335	Sigmoidoscopy w/submuc inj	$2,166.06
45337	Sigmoidoscopy & decompress	$2,847.06
45338	Sigmoidoscopy w/tumr remove	$2,847.06
45340	Sig w/tndsc balloon dilation	$2,847.06
45341	Sigmoidoscopy w/ultrasound	$2,847.06
45342	Sigmoidoscopy w/us guide bx	$2,847.06
45348	Sigmoidoscopy w/ablation	$2,847.06
45347	Sigmoidoscopy w/plcmt stent	$16,265.10
45349	Sigmoidoscopy w/resection	$2,847.06
45350	Sgmdsc w/band ligation	$2,847.06
45378	Diagnostic colonoscopy	$2,166.06
45379	Colonoscopy w/fb removal	$2,847.06
45380	Colonoscopy and biopsy	$2,847.06
45381	Colonoscopy submucous njx	$2,847.06
45382	Colonoscopy w/control bleed	$2,847.06
45384	Colonoscopy w/lesion removal	$2,847.06
45385	Colonoscopy w/lesion removal	$2,847.06
45386	Colonoscopy w/balloon dilat	$2,847.06
45388	Colonoscopy w/ablation	$2,847.06
45389	Colonoscopy w/stent plcmt	$15,855.78
45390	Colonoscopy w/resection	$2,847.06
45391	Colonoscopy w/endoscope us	$2,847.06
45392	Colonoscopy w/endoscopic fnb	$2,847.06
45393	Colonoscopy w/decompression	$2,847.06
45500	Repair of rectum	$6,688.14
45505	Repair of rectum	$6,688.14
45560	Repair of rectocele	$6,688.14
45900	Reduction of rectal prolapse	$2,166.06
45905	Dilation of anal sphincter	$2,847.06
45910	Dilation of rectal narrowing	$2,847.06
45915	Remove rectal obstruction	$2,847.06
45990	Surg dx exam enorectal	$6,688.14
46020	Placement of seton	$6,688.14
46030	Removal of rectal marker	$2,847.06
46040	Incision of rectal abscess	$2,847.06
46045	Incision of rectal abscess	$6,688.14
46050	Incision of anal abscess	$2,166.06
46060	Incision of rectal abscess	$6,688.14
46070	Incision of anal septum	$6,688.14
46080	Incision of anal sphincter	$6,686.14
46083	Incise external hemorrhoid	$1,500.00
46200	Removal of anal fissure	$6,688.14
46220	Excise anal ext tag/papilla	$2,847.06
46221	Ligation of hemorrhoid(s)	$1,500.00
46230	Removal of anal tags	$6,688.14
46250	Remove ext hem groups 2+	$6,688.14
46255	Remove int/ext hem 1 group	$6,688.14
46257	Remove in/ex hem grp & fiss	$6,688.14
46258	Remove in/ex hem grp w/fistu	$6,688.14
46260	Remove in/ex hem groups 2+	$6,688.14
46261	Remove in/ex hem grps & fiss	$6,688.14
46262	Remove in/ex hem grps w/fist	$6,688.14
46270	Remove anal fist subq	$6,688.14
46275	Remove anal fist inter	$6,688.14

67250	Reinforce eye wall	$4,753.98
87255	Reinforce/graft eye wall	$5,869.26
87311	Revise eye muscle	$4,753.98
67312	Revise two eye muscles	$7,831.68
67314	Revise eye muscle	$4,753.98
67316	Revise two eye muscles	$4,753.98
67318	Revise eye muscle(s)	$4,753.98
67320	Revise eye muscle(s) add-on	$1,500.00
67331	Eye surgery follow-up add-on	$1,500.00
67332	Rerevise eye muscles add-on	$1,500.00
87334	Revise eye muscle w/suture	$1,500.00
67335	Eye suture during surgery	$1,500.00
67340	Revise eye muscle add-on	$1,500.00
67343	Release eye tissue	$4,753.98
67345	Destroy nerve of eye muscle	$1,500.00
67346	Biopsy eye muscle	$7,831.68
67399	Unlisted px extraocular musc	$7,831.68
67400	Explore/biopsy eye socket	$7,831.68
67405	Explore/drain eye socket	$4,753.98
67412	Explore/treat eye socket	$4,753.98
67413	Explore/treat eye socket	$4,753.98
67414	Explr/decompress eye socket	$7,831.68
67415	Aspiration orbital contents	$4,753.98
67420	Explore/treat eye socket	$7,831.68
67430	Explore/treat eye socket	$7,831.68
67440	Explore/drain eye socket	$7,831.68
67445	Explr/decompress eye socket	$7,831.68
67450	Explore/biopsy eye socket	$7,831.68
67500	Inject/treat eye socket	$1,500.00
67505	Inject/treat eye socket	$1,500.00
67515	Inject/treat eye socket	$1,500.00
67550	Insert eye socket implant	$7,831.68
67560	Revise eye socket implant	$7,831.68
87570	Decompress optic nerve	$7,831.68
67715	Incision of eyelid fold	$4,753.98
67800	Remove eyelid lesion	$1,500.00
67801	Remove eyelid lesions	$1,500.00
67805	Remove eyelid lesions	$1,500.00
67808	Remove eyelid lesion(s)	$4,753.98
67810	Biopsy eyelid & lid margin	$1,500.00
67820	Revise eyelashes	$1,500.00
67825	Revise eyelashes	$1,500.00
67830	Revise eyelashes	$2,512.80
67835	Revise eyelashes	$4,753.98
67840	Remove eyelid lesion	$1,500.00
87850	Treat eyelid lesion	$1,500.00
67875	Closure of eyelid by suture	$2,512.80
67880	Revision of eyelid	$4,753.98
67882	Revision of eyelid	$4,753.98
67800	Repair brow defect	$4,753.98
87801	Repair eyelid defect	$4,753.98
67802	Repair eyelid defect	$7,631.68
67903	Repair eyelid defect	$4,753.98
67904	Repair eyelid defect	$4,753.98
67906	Repair eyelid defect	$7,831.68
87908	Repair eyelid defect	$4,753.98
67909	Revise eyelid defect	$4,753.98
67911	Revise eyelid defect	$4,753.98
67912	Correction eyelid w/implant	$4,753.98
67914	Repair eyelid defect	$4,753.98
67915	Repair eyelid defect	$1,500.00
87916	Repair eyelid defect	$4,753.98
67917	Repair eyelid defect	$4,753.98
87921	Repair eyelid defect	$4,753.98
87922	Repair eyelid defect	$1,500.00
67923	Repair eyelid defect	$4,753.98
87924	Repair eyelid defect	$4,753.98
67930	Repair eyelid wound	$1,500.00
67935	Repair eyelid wound	$4,753.98
67938	Remove eyelid foreign body	$1,500.00
67950	Revision of eyelid	$4,753.98
67961	Revision of eyelid	$4,753.98
67966	Revision of eyelid	$4,753.98
67971	Reconstruction of eyelid	$4,753.98
67973	Reconstruction of eyelid	$4,753.98
67974	Reconstruction of eyelid	$7,831.68

APPROVED

Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

28008	Incision of foot fascia	$7,317.24
28010	Incision of toe tendon	$4,175.28
28011	Incision of toe tendons	$4,175.28
28020	Exploration of foot joint	$7,317.24
28022	Exploration of foot joint	$7,317.24
28024	Exploration of toe joint	$7,317.24
28035	Decompression of tibia nerve	$4,736.04
28039	Exc foot/toe tum sc 1.5 cm/>	$6,192.18
28041	Exc foot/toe tum dep 1.5cm/>	$6,192.18
28043	Exc foot/toe tum sc < 1.5 cm	$3,129.84
28045	Exc foot/toe tum deep <1.5cm	$6,192.18
28046	Resect foot/toe tumor < 3 cm	$6,192.18
28047	Resect foot/toe tumor 3 cm/>	$6,192.18
28050	Biopsy of foot joint lining	$7,317.24
28052	Biopsy of foot joint lining	$7,317.24
28054	Biopsy of toe joint lining	$7,317.24
28055	Neurectomy foot	$4,736.04
28060	Partial removal foot fascia	$7,317.24
28062	Removal of foot fascia	$7,317.24
28070	Removal of foot joint lining	$7,317.24
28072	Removal of foot joint lining	$7,317.24
28080	Removal of foot lesion	$4,175.28
28086	Excise foot tendon sheath	$7,317.24
28088	Excise foot tendon sheath	$4,175.28
28090	Removal of foot lesion	$7,317.24
28092	Removal of toe lesions	$4,175.28
28100	Removal of ankle/heel lesion	$7,317.24
28102	Remove/graft foot lesion	$15,906.54
28103	Remove/graft foot lesion	$15,906.54
28104	Removal of foot lesion	$7,317.24
28106	Remove/graft foot lesion	$15,906.54
28107	Remove/graft foot lesion	$15,906.54
28108	Removal of toe lesions	$4,175.28
28110	Part removal of metatarsal	$7,317.24
28111	Part removal of metatarsal	$7,317.24
28112	Part removal of metatarsal	$7,317.24
28113	Part removal of metatarsal	$7,317.24
28114	Removal of metatarsal heads	$7,317.24
28116	Revision of foot	$7,317.24
28118	Removal of heel bone	$7,317.24
28119	Removal of heel spur	$7,317.24
28120	Part removal of ankle/heel	$7,317.24
28122	Partial removal of foot bone	$7,317.24
28124	Partial removal of toe	$7,317.24
28126	Partial removal of toe	$7,317.24
28130	Removal of ankle bone	$7,317.24
28140	Removal of metatarsal	$7,317.24
28150	Removal of toe	$7,317.24
28153	Partial removal of toe	$4,175.28
28160	Partial removal of toe	$7,317.24
28171	Resect tarsal tumor	$7,317.24
28173	Resect metatarsal tumor	$7,317.24
28175	Resect phalanx of toe tumor	$4,175.28
28190	Removal of foot foreign body	$1,500.00
28192	Removal of foot foreign body	$3,129.84
28193	Removal of foot foreign body	$3,129.84
28200	Repair of foot tendon	$7,317.24
28202	Repair/graft of foot tendon	$15,906.54
28206	Repair of foot tendon	$7,317.24
28210	Repair/graft of foot tendon	$15,906.54
28220	Release of foot tendon	$7,317.24
28222	Release of foot tendons	$7,317.24
28225	Release of foot tendon	$7,317.24
28226	Release of foot tendons	$4,175.28
28230	Incision of foot tendon(s)	$4,175.28
28232	Incision of toe tendon	$4,175.28
28234	Incision of foot tendon	$4,175.28
28238	Revision of foot tendon	$15,906.54
28240	Release of big toe	$7,317.24
28250	Revision of foot fascia	$7,317.24
28260	Release of midfoot joint	$4,175.28
28261	Revision of foot tendon	$7,317.24
28262	Revision of foot and ankle	$15,906.54
28264	Release of midfoot joint	$4,175.28
28270	Release of foot contracture	$7,317.24
28272	Release of toe joint each	$7,317.24

46260	Remove anal fist complex	$6,688.14
46265	Remove anal fist 2 stage	$6,688.14
46288	Repair anal fistula	$6,688.14
46320	Removal of hemorrhoid clot	$1,500.00
46500	Injection into hemorrhoid(s)	$1,500.00
46505	Chemodenervation anal musc	$2,847.06
46600	Diagnostic anoscopy spx	$1,500.00
46601	Diagnostic anoscopy	$1,500.00
46604	Anoscopy and dilation	$2,847.06
46606	Anoscopy and biopsy	$1,500.00
46607	Diagnostic anoscopy & biopsy	$2,847.06
46608	Anoscopy remove for body	$2,166.06
46610	Anoscopy remove lesion	$6,688.14
46611	Anoscopy	$2,166.06
46612	Anoscopy remove lesions	$6,688.14
46615	Anoscopy	$6,688.14
46700	Repair of anal stricture	$6,688.14
46706	Repr of anal fistula w/glua	$6,688.14
46707	Repair anorectal fist w/plug	$6,688.14
46750	Repair of anal sphincter	$8,688.14
46753	Reconstruction of anus	$6,688.14
46754	Removal of suture from anus	$8,688.14
46760	Repair of anal sphincter	$6,688.14
46761	Repair of anal sphincter	$6,688.14
46762	Implant artificial sphincter	$17,107.74
46917	Laser surgery anal lesions	$6,688.14
46922	Excision of anal lesion(s)	$6,688.14
46924	Destruction anal lesion(s)	$6,688.14
46946	Remove by ligat int hem grps	$6,688.14
46947	Hemorrhoidopexy by stapling	$6,688.14
47000	Needle biopsy of liver	$3,129.84
47362	Percut ablate liver rf	$12,240.24
47383	Perq ablt liv cryoablation	$12,240.24
47533	Plmt biliary drainage cath	$8,728.98
47534	Plmt biliary drainage cath	$8,728.98
47535	Conversion ext bil drg cath	$8,728.98
47536	Exchange biliary drg cath	$8,728.98
47537	Removal biliary drg cath	$2,270.22
47538	Perq plmt bile duct stent	$12,240.24
47539	Perq plmt bile duct stent	$12,240.24
47540	Perq plmt bile duct stent	$12,240.24
47541	Plmt access bil tree sm bwl	$8,728.98
47552	Biliary endo perq dx w/speci	$8,728.98
47553	Biliary endoscopy thru skin	$8,728.98
47554	Biliary endoscopy thru skin	$12,240.24
47555	Biliary endoscopy thru skin	$8,726.98
47556	Biliary endoscopy thru skin	$18,000.72
47562	Laparoscopic cholecystectomy	$12,240.24
47563	Laparo cholecystectomy/graph	$12,240.24
47564	Laparo cholecystectomy/expl	$12,240.24
47570	Laparo cholecystoenterostomy	$14,240.24
47579	Laparoscope proc biliary	$8,728.98
47600	Removal of gallbladder	$6,728.98
47605	Removal of gallbladder	$8,728.98
47610	Removal of gallbladder	$8,728.98
47612	Removal of gallbladder	$8,728.88
47620	Removal of gallbladder	$8,726.98
49082	Abd paracentesis	$2,270.22
49083	Abd paracentesis w/imaging	$2,270.22
49084	Peritoneal lavage	$2,270.22
49180	Biopsy abdominal masa	$3,129.84
49250	Excision of umbilicus	$8,728.98
49320	Diag laparo separate proc	$12,240.24
49321	Laparoscopic biopsy	$12,240.24
49322	Laparoscopy aspiration	$12,240.24
49323	Laparo drain lymphocele	$1,500.00
49324	Lap insert tunnel ip cath	$12,240.24
49325	Lap revision perm ip cath	$12,240.24
49326	Lap w/omentopexy add-on	$1,500.00
49327	Lap ins device for rt	$1,500.00
49329	Laparo proc abdm/per/oment	$8,728.98
49400	Air injection into abdomen	$1,500.00
49402	Remove foreign body abdomen	$8,728.98
49405	Imsge cath fluid colxn visc	$1,500.00
49406	Image cath fluid peri/retro	$3,129.84
49407	Image cath fluid tms/vgnl	$3,129.84

67975	Reconstruction of eyelid	$4,753.98
68020	Incise/drain eyelid lining	$1,500.00
68040	Treatment of eyelid lesions	$1,500.00
68100	Biopsy of eyelid lining	$1,500.00
68110	Remove eyelid lining lesion	$1,500.00
68115	Remove eyelid lining lesion	$4,753.98
68130	Remove eyelid lining lesion	$4,753.98
68135	Remove eyelid lining lesion	$1,500.00
68200	Treat eyelid by injection	$1,500.00
68320	Revise/graft eyelid lining	$4,753.98
68325	Revise/graft eyelid lining	$7,831.68
68326	Revise/graft eyelid lining	$7,831.68
68328	Revise/graft eyelid lining	$4,753.98
68330	Revise eyelid lining	$5,869.26
68335	Revise/graft eyelid lining	$7,831.68
68340	Separate eyelid adhesions	$4,753.98
68360	Revise eyelid lining	$7,831.88
68362	Revise eyelid lining	$4,753.98
68371	Harvest eye tissue slograft	$4,753.98
68400	Incise/drain tear gland	$1,500.00
68420	Incise/drain tear sac	$1,500.00
68440	Incise tear duct opening	$1,500.00
68500	Removal of tear gland	$7,831.68
68505	Partial removal tear gland	$7,831.68
68510	Biopsy of tear gland	$4,753.98
68520	Removal of tear sac	$7,831.68
68525	Biopsy of tear sac	$4,753.98
68530	Clearance of tear duct	$1,500.00
68540	Remove tear gland lesion	$4,753.98
68550	Remove tear gland lesion	$7,831.68
68700	Repair tear ducts	$4,753.98
68705	Revise tear duct opening	$1,500.00
68720	Create tear sac drain	$7,831.68
68745	Create tear duct drain	$7,831.68
68750	Create tear duct drain	$7,831.68
68760	Close tear duct opening	$1,500.00
68761	Close tear duct opening	$1,500.00
68770	Close tear system fistula	$4,753.98
68801	Dilate tear duct opening	$1,500.00
68810	Probe nasolacrimal duct	$1,500.00
68811	Probe nasolacrimal duct	$4,753.98
68815	Probe nasolacrimal duct	$4,753.98
68816	Probe nl duct w/balloon	$4,753.98
68840	Explore/irrigate tear ducts	$1,500.00
68850	Injection for tear sac x-ray	$1,500.00
69000	Drain external ear lesion	$1,500.00
69005	Drain external ear lesion	$1,500.00
69020	Drain outer ear canal lesion	$1,500.00
69100	Biopsy of external ear	$1,500.00
69105	Biopsy of external ear canal	$1,500.00
69110	Remove external ear partial	$6,192.16
69120	Removal of external ear	$12,237.06
69140	Remove ear canal lesion(s)	$12,237.06
69145	Remove ear canal lesion(s)	$6,192.18
69150	Extensive ear canal surgery	$12,237.06
69200	Clear outer ear canal	$1,500.00
69205	Clear outer ear canal	$3,129.84
69209	Remove impacted ear wax uni	$1,500.00
69210	Remove impacted ear wax uni	$1,500.00
69220	Clean out mastoid cavity	$1,500.00
69222	Clean out mastoid cavity	$1,500.00
69300	Revise external ear	$5,645.84
69310	Rebuild outer ear canal	$12,237.06
69320	Rebuild outer ear canal	$12,237.06
69420	Incision of eardrum	$1,966.00
69421	Incision of eardrum	$5,645.84
69424	Remove ventilating tube	$4,752.00
69433	Create eardrum opening	$1,966.00
69436	Create eardrum opening	$3,369.18
69440	Exploration of middle ear	$5,645.84
69450	Eardrum revision	$5,645.64
69501	Mastoidectomy	$12,237.06
69502	Mastoidectomy	$12,237.06
69505	Remove mastoid structures	$12,237.06
69511	Extensive mastoid surgery	$12,237.06
69530	Extensive mastoid surgery	$12,237.06

APPROVED

Attachment 25

VALLEY AMBULATORY SURGERY CENTER

Chargemaster - August 19, 2017

28280	Fusion of toes	$7,317.24
28285	Repair of hammertoe	$7,317.24
28286	Repair of hammertoe	$7,317.24
28288	Partial removal of foot bone	$7,317.24
28289	Corrj hallux rigdus w/o implt	$7,317.24
28291	Corrj hallux rigdus w/implt	$21,446.64
28292	Correction hallux valgus	$7,317.24
28295	Correction hallux valgus	$9,865.80
28296	Correction hallux valgus	$7,317.24
28297	Correction hallux valgus	$15,906.54
28298	Correction hallux valgus	$15,906.54
28299	Correction hallux valgus	$7,317.24
28300	Incision of heel bone	$15,906.54
28302	Incision of enkle bone	$15,906.54
28304	Incision of midfoot bones	$15,906.54
28305	Incisea/graft midfoot bones	$21,573.66
28306	Incision of metatarsal	$15,906.54
28307	Incision of metatarsal	$7,317.24
28308	Incision of metatarsal	$7,317.24
28309	Incision of metatarsals	$15,906.54
28310	Revision of big toe	$7,317.24
28312	Revision of toe	$7,317.24
28313	Repair deformity of toe	$7,317.24
28315	Removal of sesamoid bone	$7,317.24
28320	Repair of foot bones	$29,888.52
28322	Repair of metatarsals	$15,906.54
28340	Resect enlarged toe tissue	$7,317.24
28341	Resect enlarged toe	$7,317.24
28344	Repair extra toe(s)	$7,317.24
28345	Repair webbed toe(s)	$7,317.24
28360	Reconstruct cleft foot	$7,317.24
28400	Treatment of heel fracture	$7,317.24
28405	Treatment of heel fracture	$7,317.24
28406	Treatment of heel fracture	$15,906.54
28415	Treat heel fracture	$15,906.54
28420	Treat/graft heel fracture	$40,237.56
28430	Treatment of ankle fracture	$4,175.28
28435	Treatment of ankle fracture	$4,175.28
28438	Treatment of ankle fracture	$22,349.28
28445	Treat ankle fracture	$15,906.54
28446	Osteochondral talus autogrft	$15,906.54
28450	Treat midfoot fracture each	$4,175.28
28455	Treat midfoot fracture each	$4,175.28
28456	Treat midfoot fracture	$15,906.54
28465	Treat midfoot fracture each	$15,906.54
28470	Treat metatarsal fracture	$4,175.28
28475	Treat metatarsal fracture	$4,175.28
28476	Treat metatarsal fracture	$7,317.24
28485	Treat metatarsal fracture	$15,906.54
28490	Treat big toe fracture	$1,500.00
28495	Treat big toe fracture	$1,500.00
28496	Treat big toe fracture	$7,317.24
28505	Treat big toe fracture	$7,317.24
28510	Treatment of toe fracture	$4,175.28

49411	Ins mark abd/pel for rt perq	$2,114.58
49412	Ins device for rt guide open	$2,114.58
49418	Insert tun ip cath perc	$8,728.98
49419	Insert tun ip cath w/port	$12,730.86
49421	Ins tun ip cath for dial opn	$8,728.98
49422	Remove tunneled ip cath	$7,658.10
49423	Exchange drainage catheter	$3,651.18
49424	Assess cyst contrast inject	$1,500.00
49425	Insert abdomen-venous drain	$3,651.18
49426	Revise abdomen-venous shunt	$8,728.98
49427	Injection abdominal shunt	$1,500.00
49428	Removal of shunt	$7,658.10
49435	Insert subq exten to ip cath	$1,500.00
49436	Embedded ip cath exit-site	$3,651.18
49440	Place gastrostomy tube perc	$3,651.18
49441	Place duod/jej tube perc	$3,651.18
49442	Place cecostomy tube perc	$2,847.06
49446	Change g-tube to g-j perc	$3,651.18
49450	Replace g/c tube perc	$2,270.22
49451	Replace duod/jej tube perc	$2,270.22
49452	Replace g-j tube perc	$2,270.22
49460	Fix g/colon tube w/device	$2,270.22
49465	Fluoro exam of g/colon tube	$1,500.00
49495	Rpr ing hernia baby reduc	$8,728.98
49496	Rpr ing hernia baby blocked	$8,728.98
49500	Rpr ing hernia init reduce	$8,728.98
49501	Rpr ing hernia init blocked	$8,728.98
49505	Prp i/hern init reduc >5 yr	$8,728.98
49507	Prp i/hern init block >5 yr	$8,728.98
49520	Rerepair ing hernia reduce	$8,728.98
49521	Rerepair ing hernia blocked	$8,728.98
49525	Repair ing hernia sliding	$8,728.98
49540	Repair lumbar hernia	$12,240.24
49550	Rpr fem hernia init reduce	$8,728.98
49553	Rpr fem hernia init blocked	$8,728.98
49555	Rerepair fem hernia reduce	$8,728.98
49557	Rerepair fem hernia blocked	$8,728.98
49560	Rpr ventral hern init reduc	$8,728.98
49561	Rpr ventral hern init block	$8,728.98
49565	Rerepair ventrl hern reduce	$12,240.24
49566	Rerepair ventrl hern block	$12,240.24
49568	Hernia repair w/mesh	$1,500.00
49570	Rpr epigastric hern reduce	$8,728.98
49572	Rpr epigastric hern blocked	$8,728.98
49580	Rpr umbil hern reduc < 5 yr	$8,728.98
49582	Rpr umbil hern block < 5 yr	$8,728.98
49585	Rpr umbil hern reduc > 5 yr	$8,728.98
49587	Rpr umbil hern block > 5 yr	$8,728.98
49590	Repair spigelian hernia	$8,728.98
49600	Repair umbilical lesion	$8,728.98
49650	Lap ing hernia repair init	$12,240.24
49651	Lap ing hernia repair recur	$12,240.24
49652	Lap vent/abd hernia repair	$12,240.24
49653	Lap vent/abd hern proc.comp	$12,240.24

69535	Remove part of temporal bone	$12,237.06
69540	Remove ear lesion	$1,500.00
69550	Remove ear lesion	$12,237.06
69552	Remove ear lesion	$12,237.06
69554	Remove ear lesion	$1,500.00
69601	Mastoid surgery revision	$12,237.06
69602	Mastoid surgery revision	$12,237.06
69603	Mastoid surgery revision	$12,237.06
69604	Mastoid surgery revision	$12,237.06
69605	Mastoid surgery revision	$12,237.06
69610	Repair of eardrum	$4,752.00
69620	Repair of eardrum	$5,645.64
69631	Repair eardrum structures	$12,237.06
69632	Rebuild eardrum structures	$12,237.06
69633	Rebuild eardrum structures	$12,237.06
69635	Repair eardrum structures	$12,237.06
69636	Rebuild eardrum structures	$12,237.06
69637	Rebuild eardrum structures	$12,237.06
69641	Revise middle ear & mastoid	$12,237.06
69642	Revise middle ear & mastoid	$12,237.06
69643	Revise middle ear & mastoid	$12,237.06
69644	Revise middle ear & mastoid	$12,237.06
69645	Revise middle ear & mastoid	$12,237.06
69646	Revise middle ear & mastoid	$12,237.06
69650	Release middle ear bone	$5,645.64
69660	Revise middle ear bone	$12,237.06
69661	Revise middle ear bone	$12,237.06
69662	Revise middle ear bone	$12,237.06
69666	Repair middle ear structures	$5,645.64
69667	Repair middle ear structures	$5,645.64
69670	Remove mastoid air cells	$12,237.06
69676	Remove middle ear nerve	$5,645.64
69700	Close mastoid fistula	$3,368.18
69711	Remove/repair hearing aid	$5,645.64
69714	Implant temple bone w/stimul	$47,059.86
69715	Temple bne implnt w/stimulat	$71,231.40
69717	Temple bone implant revision	$23,535.66
69718	Revise temple bone implant	$29,888.52
69720	Release facial nerve	$12,237.06
69725	Release facial nerve	$12,237.06
69740	Repair facial nerve	$12,237.06
69745	Repair facial nerve	$12,237.06
69799	Middle ear surgery procedure	$12,237.06
69801	Incise inner ear	$12,237.06
69805	Explore inner ear	$12,237.06
69806	Explore inner ear	$12,237.06
69820	Establish inner ear window	$5,645.64
69840	Revise inner ear window	$5,645.64
69905	Remove inner ear	$12,237.06
69910	Remove inner ear & mastoid	$12,237.06
69915	Incise inner ear nerve	$5,645.64
69930	Implant cochlear device	$177,560.64

APPROVED

Attachment 25

ATTACHMENT 25

Section VI. Service Specific Review Criteria
G. Non-Hospital Based Ambulatory Surgery

Criterion 1110.1540(k)—Assurances

Attached is a letter from Valley Ambulatory Surgery Center, L.P. certifying that the proposed facility shall implement a peer review program in accordance with Criterion 1110.1540(k) and will achieve target utilization by the end of the second year of operation.

October 13, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

RE: Valley Ambulatory Surgery Center, L.P.

Dear Ms. Avery:

In accordance with 77 Ill. Admin. Code 1110.1540(k), I attest that a peer review program will be implemented that evaluates whether patient outcomes are consistent with quality standards established for ambulatory surgical treatment center services, and if outcomes do not meet or exceed those standards, that a quality improvement plan will be initiated.

In addition, by the second year of operation after the project completion date, the annual utilization of the surgical treatment rooms will meet or exceed the utilization standards set forth in the Illinois administrative code. Documentation to support this certification is included with this Certificate of Need application.

Respectfully submitted,

Teresa Sparks, Chief Financial Officer

NOTARY:

Subscribed and sworn to me this 13 day of October, 2017

Linda Lyons

Notary Public

Commission Expires: 7-6-20

Seal: LINDA LYONS STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

Attachment 25

ATTACHMENT 34

Criterion 1120.120—Availability of Funds

Included with this Attachment 34 is a Letter of Intent from Pinnacle Bank dated October 11, 2017 describing the loan, conditions of loan and anticipated interest rate. In addition, attached is a certified letter from Surgery Partners, Inc. committing to internally finance $2,081,325 of the $16,618,319 project cost.

Pinnacle
FINANCIAL PARTNERS

October 11, 2017

Mr. Charlie Cannon
Surgery Partners, Inc
40 Burton Hills Blvd, Suite 500
Nashville, TN 37215

Valley Ambulatory Surgery Center
210 Dean Street
St. Charles, IL 60175

RE: Relocation of Valley Ambulatory Surgery Center

Dear Charlie:

On behalf of Pinnacle Bank, it is my pleasure to provide the following Letter of Intent defining the terms and conditions by which Pinnacle plans to extend credit to Valley Ambulatory Surgery Center for the relocation of said Center. This letter does not set forth all the terms and conditions of the credit facility offered herein. Rather, it is only an outline, in summary format, of the major points of understanding that will be the basis of the final facility documents.

The Loan Documents will have many terms and conditions not set forth herein, including, but not limited to, conditions precedent, representations and warranties, affirmative and negative covenants, events of default, definition of terms and other provisions customary to transaction of this nature.

Borrower:	Valley Ambulatory Surgery Center
Lender:	Pinnacle Bank
Credit Facilities:	(1) Equipment Line of Credit in an amount not to exceed $2,400,000 (2) Leasehold Line of Credit in an amount not to exceed $4,000,000
Purpose:	(1) Finance equipment for the new Valley Ambulatory Surgery Center (2) Finance leasehold improvement for the new Valley Ambulatory Surgery Center

150 3rd Avenue South
Suite 900
Nashville, TN 37201
www.pnfp.com

Attachment 34

Collateral:	The Equipment Line of Credit and the Leasehold Line of Credit will secured by all Borrower's business assets, including but not limited to Accounts, Inventory and Equipment.
Repayment:	(1) **Equipment Line of Credit:** Borrower shall make monthly interest payments on the equipment line of credit beginning on the first day of the month following the Closing and continuing until Maturity. Borrower shall make monthly principal payments beginning on the first day of the sixth month following the Closing and continuing until Maturity. The monthly principal payment shall be determined by dividing the then outstanding principal balance by 84. (2) **Leasehold Line of Credit:** Borrower shall make monthly interest payments on the leasehold line of credit beginning on the first day of the month following the Closing and continuing until Maturity. Borrower shall make monthly principal payments beginning on the first day of the sixth month following the Closing and continuing until Maturity. The monthly principal payment shall be determined by dividing the then outstanding principal balance by 48.
Maturity Date:	(1) **Equipment Line of Credit:** The Equipment Line of Credit shall Mature 84 months from Closing; (2) **Leasehold Line of Credit:** The Leasehold Line of Credit shall Mature 48 months from Closing.
Pricing:	Both the Equipment Line of Credit and the Leasehold Line of Credit shall bear interest at 30 day LIBOR + 3.25%, floating.
Fees:	Borrower shall pay a $5,000 Commitment Fee at Closing.
Documentation:	The Loan Documents required for a transaction of this nature may contain other customary provisions, including, but not limited to, representations and warranties, affirmative and negative covenants, cross-collateralization and cross- default provisions, all of which shall be satisfactory to the Lender in every respect. Certain due diligence items may also be required by Lender. The obligations of Borrower hereunder may be evidenced by one or more promissory notes, loan agreement, leasehold deed of trust, security agreement and UCC financing statements, as applicable, and such other documents and assurances as Lender may request in order to make the facility in form and content satisfactory to Lender and its Counsel in every respect.

Attachment 34

Costs and Expenses: All costs and expenses in connection with, arising out of, or relating to, the Credit Facilities, including without limitation, attorneys' fees and all filing fees, shall be payable by the Borrower, whether the transaction contemplated herein closes or not.

Sincerely,

Allison H. Jones
Senior Vice President
Pinnacle Bank

Attachment 34

SURGERY PARTNERS

October 13, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson St., Second Floor
Springfield, IL 62761

RE: Project Financing for Valley Ambulatory Surgery Center

Dear Ms. Avery:

As the Chief Financial Officer of Surgery Partners, Inc., I am writing regarding the financing of the Certificate of Need ("CON") project application by Valley Ambulatory Surgery Center, L.P. to establish a new ambulatory surgical treatment center ("ASTC") in St. Charles, Illinois. Valley will construct a multi-specialty ASTC with six operating rooms and two procedure rooms. The CON project cost is $16,503,319, of which $2,081,325 will be internally financed by a loan from Surgery Partners, Inc. to Valley Ambulatory Surgery Center, L.P.

Surgery Partners, Inc. is committed to fund the Valley Ambulatory Surgery Center project, and is able and willing to provide the internal loan to Valley Ambulatory Surgery Center in the above amount. Page F3 of the most recent Form 10-K for Surgery Partners Inc. (included with the CON application), shows cash and cash equivalents of $69,699,000.

Please accept this letter as documentation of the availability and commitment of funds for the proposed project.

Sincerely,

Teresa Sparks, CFO

TS/ll

40 Burton Hills Boulevard • Suite 500 • Nashville, Tennessee 37215 • Phone: 615.234.5900 • Fax: 615.234.5999

Attachment 34

STATE OF TENNESSEE

SS

COUNTY OF DAVIDSON

On this day, personally appeared before me Teresa Sparks, to me known to be the person described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her voluntary act and deed, for the uses and purposes therein mentioned.

Witness my hand and official seal hereto affixed this 13 day of October, 2017.

Linda Lyons

Notary Public in and for the State of Tennessee

My commission expires 7-6-20.

Seal

LINDA LYONS
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

Attachment 34

Section VIII.

Criterion 1120.130—Financial Viability

1. Pro forma financial statements for the first full fiscal year after the project achieves target utilization are attached.

2. Financial viability worksheets for the first full fiscal year after the project achieves target utilization are attached.

Attachment 34

VASC RATIOS (excluding historical operations of Valley Medical Inn*)

	HISTORICAL THREE YEARS			PROJECTED
	2014	2015	2016	2020
CURRENT RATIO	3.18	3.27	3.67	3.01
NET MARGIN PERCENTAGE	11.6%	13.5%	16.1%	23%
PERCENT DEBT TO TOTAL CAPITALIZATION	13.5%	15.2%	15.4%	41%
PROJECTED DEBT SERVICE COVERAGE				3.1
DAYS CASH ON HAND	9.66	30.42	17.09	10.52
CUSHION RATIO				0.093

*NOTE: Upon the discontinuation of VASC at its existing location, the applicants will discontinue Valley Medical Inn, a post-surgical recovery care center model, operated by VASC.

VASC Ratios (including operations of Valley Medical Inn)

	HISTORICAL THREE YEARS			PRDJECTED
	2014	2015	2016	2020
CURRENT RATIO	0.87	0.99	0.99	1.12
NET MARGIN PERCENTAGE	11.6%	13.5%	16.1%	23%
PERCENT DEBT TO TOTAL CAPITALIZATION	40.8%	43.5%	43.9%	66%
PROJECTEO DEBT SERVICE CDVERAGE				3.1
DAYS CASH ON HAND	10.46	30.73	17.45	10.52
CUSHIDN RATID				0.093

Attachment 34

VASC ONLY TRENDING BALANCE SHEET			
	2014	2015	2016
ASSETS			
Current Assets			
Cash & Equivalents	190,262	696,805	361,535
Accounts Receivable (Net)	847,245	726,569	941,649
Other Receivables	3,353,206	3,701,101	4,105,316
Inventories	186,536	207,522	215,428
Prepaid Expenses	116,585	96,633	40,163
Total Current Assets	**4,693,834**	**5,428,630**	**5,664,091**
Property & Equipment			
Land	$375,156	$375,156	$375,156
Leasehold improvements	2,403,322	$2,450,324	$2,660,548
Furniture, Fixtures, & Equipment	465,525	472,097	474,823
Computers & Software	333,729	337,610	343,176
Medical Equipment	3,266,850	3,839,769	4,557,279
Accumulated Depreciation	(5,169,942)	(5,490,150)	(5,834,364)
Property & Equipment (Net)	**1,674,641**	**1,984,807**	**2,576,617**
Other Assets			
Investments	2,300	$2,300	$2,300
Investments in Subsidiaries	5,218,212	5,694,212	6,223,212
Total Assets	***11,588,987***	***13,109,948***	***14,466,220***
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable	173,883	305,863	128,253
Accrued Payroll	75,123	100,459	99,938
Due to Surgery Partners	190,122	90,017	51,808
Employer Liabilities	96,405	117,222	140,292
Notes Payable	198,787	91,869	166,672
Capital Leases	17,300	105,671	126,270
Taxes Payable	114,360	122,377	122,377
Other Current Liabilities	536,128	566,461	707,762
Intercompany Activity, Liability	74,851	159,105	-
Total Current Liabilities	**1,476,960**	**1,659,044**	**1,543,371**
Long Term Liabilities			
Long Term Capital Leases	$82,580	226,008	$167,228
Notes Payable	$0	107,691	$522,372
Total Long Term Liabilities	**$82,580**	**333,698**	**$689,600**
Shareholders' Equity			
Acquisition Equity	(2,241,451)	(2,280,331)	(2,468,923)
Minority Partnership Capital	(3,673,481)	(3,948,798)	(4,265,026)
Partnership Capital			
Total Additional Capital			
Retained Earnings	14,932,259	15,944,379	17,346,335
Retained Earnings - Increase/Decrease	1,012,120	1,401,955	1,620,863
Total Shareholders' Equity	**10,029,447**	**11,117,206**	**12,233,249**
Total Liabilities & Shareholders' Equity	***11,588,987***	***13,109,948***	***14,466,220***

Attachment 34

IL-ST CHARLES VASC ONLY

Trailing 12M Ending August 31, 2017

	Pro Forma Year 1
Cases	8,050
NET REVENUE	$14,063,130
OPERATING EXPENSE	
Salaries & Wages	$2,722,210
Contract Labor	$143,449
Employee Benefits	$473,384
Employee G & A	$14,831
Seminars & Education	$11,889
Dues, Fees & Subscriptions	$19,938
Travel & Entertainment	$51,242
Office Supplies	$153,393
Medical Supplies	$3,089,148
Professional Fees	$152,032
Medical Related Fees	$249,527
Rentals & Leases	$717,273
Repairs & Maintenance	$334,091
Utilities	$203,488
Internal Management & Coll Fees	$871,894
Insurance, Taxes & Licenses	$292,396
Bad Debts	$70,316
Other Expenses	
Total Operating Expense	$9,570,500
% of Net Revenue	
OPERATING INCOME (LOSS)	$4,492,630
Margin	31.9%
Insur/Litigation Proceeds	
EBITDA	$4,492,630
EBITDA Margin	

Attachment 34

Depreciation	$878,534
EBIT Margin	
Interest & Other Income	$36,440
Interest & Other Expense	($449,844)
Intercompany Interest (Net)	
Net Income(Loss) before Income Taxes	
Income Taxes	
Net Income(Loss)	$3,200,692

Debt Service	Annual Debt
Old Debt Service Rema	$287,544
New Debt LHI	$657,192
New Debt Equip.	$508,812

Annual Debt Servi	$1,453,548

Attachment 34

IL-ST CHARLES VASC ONLY					
		YTD 2014	YTD 2015	YTD 2016	TTM AUG 2017
ANNUAL INCOME STATEMENT TREND		2014	2015	2016	2017
	Cases	5,121	5,437	5,728	6,950
NET REVENUE		$8,741,753	$10,408,499	$10,078,614	$11,549,587
OPERATING EXPENSE					
	Salaries & Wages	$2,595,527	$2,514,919	$2,513,729	$2,642,923
	Contract Labor	$2,307	$112,082	$13,566	$143,449
	Employee Benefits	$506,257	$483,388	$446,566	$446,589
	Employee G & A	$11,721	$26,003	$8,604	$14,831
	Seminars & Education	$10,338	$21,810	$11,788	$11,889
	Dues, Fees & Subscriptions	$17,834	$17,013	$18,227	$19,938
	Travel & Entertainment	$20,160	$98,376	$53,008	$51,242
	Office Supplies	$103,026	$103,141	$113,628	$153,393
	Medical Supplies	$1,508,775	$2,462,724	$2,207,569	$2,808,316
	Professional Fees	$184,207	$153,731	$117,370	$152,032
	Medical Related Fees	$150,996	$153,531	$221,288	$249,527
	Rentals & Leases	$630,424	$642,705	$652,462	$731,804
	Repairs & Maintenance	$413,054	$405,377	$402,791	$379,091
	Utilities	$234,694	$203,679	$198,960	$218,488
	Internal Management & Coll Fees	$655,631	$784,630	$707,358	$817,681
	Insurance, Taxes & Licenses	$306,879	$332,291	$296,317	$277,396
	Bad Debts	$92,813	$163,506	$89,322	$15,289
	Other Expenses	$3,000	$1,500	$0	$0
	Total Operating Expense	$7,447,643	$8,680,405	$8,072,553	$9,133,877
	% of Net Revenue	85.20%	83.40%	80.10%	
OPERATING INCOME (LOSS)		$1,294,110	$1,728,094	$2,006,061	$2,415,710
	Margin	14.80%	16.60%	19.90%	20.9%
Insur/Litigatian Proceeds		$0	$0	$42,503	$2,231
EBITDA		$1,294,110	$1,728,094	$2,048,564	$2,460,444
	EBITDA Margin	14.80%	16.60%	20.33%	
	Depreciation	255,327	320,208	350,681	$430,318
		-	-	-	
		$1,038,784	$1,407,886	$1,697,883	
	EBIT Margin	11.88%	13.53%	16.85%	
	Interest & Other Income	$12,743	$17,927	$24,874	$36,440
	Interest & Other Expense	($38,711)	($19,945)	($25,408)	($38,543)
	Intercompany Interest (Net)	($695)	($6,758)	($925)	$0
Net Income(Loss) before Income Taxes		$1,012,120	$1,399,109	$1,696,424	$2,052,367
Net Income(Loss)		$1,012,120	$1,401,955	$1,620,863	$2,052,367

Attachment 34

ATTACHMENT 37

Criterion 1120.140—Economic Feasibility

Attached with this Attachment 37 is a letter from Valley Ambulatory Surgery Center, LP attesting that the selected form of debt financing for the proposed project will be at the lowest net cost available.

The Cost and Gross Square Feet by Department or Service table below sets forth the cost and square footage allocated to each department of the proposed project.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department	A	B	C	D	E	F	G	H	Total Cost (G+H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.	Gross Sq. Ft. Mod.	Circ.	Const. $ (AxC)	Mod. $ (BxE)	
ASTC		719			17,240			12,401,093	12,401,093
Administrative		578			7,290			4,217,226	4,217,226
Totals		677			24,530			16,618,319	16,618,319

Projected Operating Costs: The projected direct annual operating costs by the second year following project completion is $1,177 per operating expense/case.

Total Effect of the Project on Operating Costs: The total projected annual capital costs for the first full year at target utilization (which is anticipated to be within two years following project completion) is $18 per capital costs/case.

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 17, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

RE: Reasonableness of Financing Arrangements

Dear Ms. Avery:

I hereby certify that the total estimated project costs and related costs will be funded in total or in part by borrowing because borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

I further certify pursuant to 77 Ill. Admin. Code § 1120.140 that the selected form of debt financing for the project will be at the lowest net cost available.

Sincerely,

Daniel C. Hauer
Administrator
Valley Ambulatory Surgery Center, L.P.

Subscribed and sworn to me on this 17th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Attachment 37

ATTACHMENT 38

Section X. Safety Net Impact Statement

The proposed ASTC will not have an adverse impact on essential safety net services. The Applicants propose to build a new ambulatory surgical treatment center to provide patients and staff with a better clinical environment. It will be located close to its current site and numerous area physicians, making it convenient to patients.

Safety Net Information per PA 96-0031			
Charity Care			
Charity (# of patients)	**2014**	**2015**	**2016**
Inpatient	0	0	0
Outpatient	8	6	0
Total	8	6	0
Charity (cost in dollars)			
Inpatient	0	0	0
Outpatient	$22,183	$17,687	$11,729
Total	$22,183	$17,687	$11,729

Valley Ambulatory Surgery Center, L.P. is not enrolled in Medicaid, and therefore, no Medicaid information is set forth in the above table.

Below please find charity care and Medicaid data for other facilities operated by Surgery Partners, Inc. in Illinois.

Safety Net Information per PA 96-0031			
Surgery Partners, Inc. Facilities in Illinois*			
CHARITY CARE			
Charity (# of patients)	**2014**	**2015**	**2016**
Inpatient	0	0	0
Outpatient	0	3	3
Total	0	3	3
Charity (cost in dollars)			
Inpatient	0	0 -	0
Outpatient	0	$1,272	$6,017
Total	0	$1,272	$6,017
MEDICAID			
Medicaid (# of patients)			
Inpatient	0	0	0
Outpatient	553	619	482
Total	553	619	482
Medicaid (cost in dollars)			

Inpatient	0	0	0
Outpatient	$456,942	$401,214	$483,220
Total	$456,942	$401,214	$483,220

*The Surgery Partners, Inc. facilities in Illinois include NovaMed Surgery Center of Chicago Northshore, LLC, NovaMed Eye Surgery Center of Maryville, LLC, and the Center for Reconstructive Surgery. Please note that the 2016 Facility Profile for NovaMed Eye Surgery Center of Maryville, LLC for 2016 reversed the Medicare and Medicaid totals, and the facility will file a declaratory ruling request to correct it.

Attachment 38

October 13, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

RE: Valley Ambulatory Surgery Center, L.P.

Dear Ms. Avery:

I hereby certify that the foregoing charity care information for Valley Ambulatory Surgery Center, L.P. is correct and that it is not enrolled as a provider in the Medicaid program. I further certify that the charity care cost information and the data showing the amount of care provided to Medicaid patients for other ambulatory surgical treatment centers owned and operated by Surgery Partners, Inc. in Illinois is correct.

Respectfully submitted,

Teresa Sparks, Chief Financial Officer

NOTARY:

Subscribed and sworn to me this 13 day of October, 2017

Notary Public

Commission expires: 7-6-20

Seal: STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

Attachment 38

ATTACHMENT 39

Section XI Charity Care Information

Below is Charity Care Information for Valley Ambulatory Surgery Center, L.P.

Charity Care			
Year	**2016**	**2015**	**2014**
# of Charity Care Patients	50	40	80
Net Patient Revenue	10,154,284	10,408,499	8,814,331
Amount of Charity Care (charges)	231,448	167,046	468,346
Cost of Charity Care	11,729	17,687	22,183
Ratio of Charity Care to Net Revenue	.012%	.017%	.025%

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Kathrine Brito, MD – Ophthalmologist. Over the past twelve months, I have performed a total of 198 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 288 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Kathrine Brito, MD

Subscribed and sworn to me on this 4th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	**Zip Codes**	**Patient Visits**
BRITO, MD, KATHERINE Z	57104	2
	60103	2
	60115	2
	60118	2
	60119	8
	60123	5
	60124	4
	60134	28
	60140	2
	60142	2
	60144	1
	60147	3
	60151	6
	60174	17
	60175	24
	60177	4
	60178	4
	60184	1
	60185	2
	60188	2
	60189	2
	60305	1
	60423	2
	60502	1
	60505	1
	60506	6
	60510	34
	60525	1
	60541	2
	60542	12
	60543	2
	60554	6
	60555	1
	60560	4
	60563	1
	61068	1
Total	**36**	**198**

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Jeffrey Grosskopf, MD - Orthopaedic Surgeon. Over the past twelve months, I have performed a total of 146 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 175 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Jeffrey Grosskopf MD

Jeffrey Grosskopf, MD

Subscribed and sworn to me on this 4th day of October, 2017.

Laura L Oscarson

Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	Zip Codes	Patient Visits
GROSSKOPF, M.D., JEFFREY W	48858	1
	60050	1
	60103	1
	60115	2
	60119	8
	60120	3
	60123	8
	60124	4
	60133	2
	60134	17
	60135	1
	60140	4
	60151	2
	60152	1
	60174	14
	60175	23
	60177	8
	60178	3
	60184	2
	60189	1
	60440	1
	60506	1
	60510	18
	60538	1
	60540	1
	60542	4
	60543	1
	60545	1
	60548	1
	60551	1
	60554	7
	61063	1
	61354	2
Total	33	146

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Todd Hagle, MD – Pain Management. Over the past twelve months, I have performed a total of 500 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 620 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Todd Hagle, MD

Subscribed and sworn to me on this 4th day of October, 2017.

Laura L Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/26/18

Appendix 1

Patient Origin by Zip Code				
Physician Name	Zip Codes	Patient Visits	Zip Codes	Patient Visits
HAGLE, M.D., TODD S	60004	5	61108	2
	60041	2	61109	1
	60050	1	61310	3
	60098	3	61318	2
	60103	1	61348	3
	60107	2	61350	2
	60108	3		
	60109	4		
	60115	19		
	60118	4		
	60119	21		
	60120	9		
	60123	25		
	60124	20		
	60133	3		
	60134	33		
	60135	7		
	60136	1		
	60140	12		
	60142	10		
	60150	1		
	60151	7		
	60156	10		
	60174	44		
	60175	36		
	60177	30		
	60178	12		
	60184	3		
	60185	13		
	60187	5		
	-6018	5		
	60188	4		
	60190	1		
	60191	1		
	60446	1		
	60502	7		
	60506	6		
	60510	43		
	60538	12		
	60542	30		
	60543	8		
	60552	2		
	60554	4		
	60560	5		
	60561	3		
	61006	2		
	61008	5		
	61054	1		
	61103	1		
		Total	55	500

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Christopher Hampson, MD – Otolaryngologist. Over the past twelve months, I have performed a total of 169 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 190 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Christopher Hampson, MD

Subscribed and sworn to me on this 13th day of October, 2017.

Laura L Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	**Zip Codes**	**Patient Visits**
HAMPSON, M.D., CHRISTOPHER M	45238	1
	60013	1
	60014	1
	60103	4
	60108	2
	60112	1
	60115	4
	60119	8
	60120	1
	60123	7
	60124	4
	60134	30
	60135	1
	60136	2
	60137	4
	60148	1
	60151	3
	60172	2
	60174	19
	60175	10
	60177	5
	60178	4
	60185	9
	60187	3
	60188	2
	60189	2
	60190	1
	60193	1
	60440	1
	60502	2
	60506	1
	60510	21
	60516	1
	60542	4
	60554	1
	60555	2
	60560	1
	60613	1
	61068	1
Total	**39**	169

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Kenneth Jacoby, DPM – Podiatrist. Over the past twelve months, I have performed a total of 33 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 60 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Kenneth Jacoby, DPM

Subscribed and sworn to me on this 4th day of October 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	Zip Codes	Patient Visits
JACOBY, D.P.M., KENNETH E	60014	1
	60015	1
	60102	1
	60103	1
	60107	1
	60110	2
	60118	3
	60120	4
	60123	8
	60124	2
	60136	2
	60140	2
	60142	3
	60177	2
Total	14	33

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
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October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Saima Jalal, MD – Ophthalmologist . Over the past twelve months, I have performed a total of 92 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 125 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Saima Jalal, MD

Subscribed and sworn to me on this 12th day of October, 2017.

Laura L Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/26/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	**Zip Codes**	**Patient Visits**
JALAL, M.D., SAIMA	60102	3
	60107	1
	60110	1
	60119	5
	60120	3
	60123	8
	60124	7
	60133	2
	60134	7
	60140	8
	60142	5
	60151	2
	60157	1
	60174	8
	60175	12
	60177	6
	60178	2
	60180	1
	60510	4
	60511	2
	60542	3
	60554	1
Total	**22**	**92**

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Matthew Karsten, DMD – Pediatric Dentist. Over the past twelve months, I have performed a total of 58 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 80 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Matthew Karsten, DMD

Subscribed and sworn to me on this 13th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	**Zip Codes**	**Patient Visits**
KARSTEN, D.M.D., MATTHEW J	60007	1
	60021	1
	60033	1
	60098	1
	60102	3
	60103	1
	60107	1
	60110	1
	60115	2
	60118	3
	60120	2
	60123	4
	60124	2
	60126	1
	60134	1
	60135	1
	60136	3
	60140	7
	60142	5
	60156	3
	60175	1
	60177	3
	60178	3
	60185	1
	60187	1
	60188	1
	60192	3
	60554	1
Total	**28**	**58**

Appendix 1

VALLEY AMBULATORY SURGERY CENTER

Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Kevin King, MD – Ophthalmologist. Over the past twelve months, I have performed a total of 240 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 360 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Kevin M King MD

Kevin King, MD

Subscribed and sworn to me on this 5th day of October, 2017.

Laura L Oscarson

Notary Public

Seal:

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LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	Zip Codes	Patient Visits
KING, MD, KEVIN M	47250	2
	60115	5
	60119	8
	60123	2
	60124	12
	60134	37
	60135	2
	60137	2
	60140	5
	60142	5
	60151	1
	60152	1
	60174	48
	60175	20
	60178	6
	60184	2
	60185	4
	60187	1
	60193	1
	60504	1
	60505	3
	60506	7
	60510	37
	60538	1
	60542	10
	60543	3
	60545	2
	60554	4
	60560	3
	60566	2
	60634	1
	60654	2
Total	32	240

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Richard Kopolovic, MD – Plastic Surgeon. Over the past twelve months, I have performed a total of 13 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 35 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Richard Kopolovic, MD

Subscribed and sworn to me on this 11th day of October 2017.

Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	**Zip Codes**	**Patient Visits**
KOPOLOVIC, M.D., RICHARD	60137	1
	60554	1
	60559	1
	60565	1
	61021	4
	61032	1
	61081	1
	61107	1
	61338	1
	92705	1
Total	**10**	**13**

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
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October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Glen Lochmueller, MD – Otolaryngologist. Over the past twelve months, I have performed a total of 161 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 175 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Glen Lochmueller, MD

Subscribed and sworn to me on this 5th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

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LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	Zip Codes	Patient Visits
LOCHMUELLER, M.D., GLEN K	50263	1
	60004	1
	60014	2
	60050	1
	60102	4
	60107	2
	60109	1
	60110	5
	60112	3
	60115	3
	60118	2
	60119	8
	60120	1
	60124	5
	60134	24
	60135	1
	60136	1
	60140	6
	60142	2
	60151	2
	60156	1
	60174	19
	60175	19
	60177	10
	60178	4
	60185	3
	60194	1
	60504	1
	60505	1
	60506	1
	60510	10
	60511	2
	60538	1
	60542	4
	60543	1
	60553	1
	60554	1
	60556	1
	60598	1
	60614	1
	60660	1
	63050	2
Total	42	161

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
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October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Darran Moxon, MD – Gastroenterologist. Over the past twelve months, I have performed a total of 1,183 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 1,300 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Darran Moxon, MD

Subscribed and sworn to me on this 4th day of October, 2017.

Laura L Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code				
Physician Name	Zip Codes	Patient Visits	Zip Codes	Patient Visits
MOXON, M.D., DARRAN R	29576	1	60189	11
	32163	1	60190	6
	53121	1	60302	1
	54324	1	60404	1
	60010	1	60451	1
	60013	1	60458	1
	60014	1	60502	13
	60018	1	60504	3
	60041	1	60505	13
	60050	1	60506	31
	60103	11	60510	130
	60107	1	60511	3
	60108	4	60513	1
	60109	3	60515	1
	60112	7	60516	1
	60114	1	60520	1
	60115	11	60530	2
	60119	71	60537	1
	60120	3	60538	10
	60123	12	60539	1
	60124	17	60542	39
	60133	1	60543	5
	60134	175	60545	2
	60135	1	60548	3
	60136	2	60551	2
	60137	10	60554	29
	60139	1	60555	2
	60140	11	60556	2
	60142	5	60560	3
	60144	1	60563	2
	60145	1	60565	1
	60146	1	60605	1
	60147	2	60625	1
	60148	1	60634	1
	60151	23	60657	1
	60152	1	60707	1
	60156	2	61006	1
	60157	1	61021	2
	60172	1	61068	1
	60174	151	61350	1
	60175	177	61353	1
	60177	36	87501	1
	60178	19		
	60181	1		
	60183	1		
	60184	11		
	60185	33		
	60187	11		
	60188	18		
		Total	91	1183

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Tarun Mullick, MD – Gastroenterologist. Over the past twelve months, I have performed a total of 237 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 260 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Tarun Mullick, MD

Subscribed and sworn to me on this 6th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	Zip Codes	Patient Visits
MULLICK, M.D., TARUN	19966	1
	60014	1
	60016	1
	60098	1
	60103	1
	60112	1
	60115	12
	60119	14
	60120	3
	60123	3
	60124	5
	60134	25
	60137	4
	60139	4
	60140	5
	60142	7
	60147	1
	60150	5
	60152	1
	60173	1
	60174	20
	60175	21
	60177	7
	60178	6
	60184	1
	60185	7
	60187	2
	60188	4
	60502	7
	60504	1
	60505	3
	60506	12
	60510	20
	60520	2
	60542	4
	60543	1
	60552	1
	60554	7
	60555	1
	60556	1
	60560	5
	60564	1
	60565	1
	61012	1
	61318	1
	61353	2
	85339	2
Total	47	237

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
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October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Eric Quartetti, MD – Ophthalmologist. Over the past twelve months, I have performed a total of 157 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 200 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Eric Quartetti, MD

Subscribed and sworn to me on this 9th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	Zip Codes	Patient Visits
QUARTETTI, M.D., ERIC J	60010	1
	60050	1
	60110	4
	60115	2
	60118	3
	60119	11
	60120	1
	60123	9
	60124	8
	60134	11
	60136	2
	60140	5
	60142	5
	60145	1
	60152	2
	60174	41
	60175	18
	60177	6
	60178	1
	60185	2
	60459	1
	60510	16
	60515	1
	60542	1
	60554	1
	61109	1
	61114	2
Total	27	157

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Michael Rashid, MD – Urologist. Over the past twelve months, I have performed a total of 80 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 105 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Michael Rashid, MD

Subscribed and sworn to me on this 4th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

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LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	Zip Codes	Patient Visits
RASHID, MD, MICHAEL A	60119	4
	60123	1
	60124	2
	60134	5
	60139	2
	60140	2
	60151	3
	60174	6
	60175	5
	60177	2
	60178	1
	60185	2
	60187	4
	60188	2
	60189	1
	60504	1
	60505	5
	60506	5
	60510	11
	60538	3
	60540	1
	60543	5
	60545	1
	60560	3
	60563	1
	60586	1
	85297	1
Total	27	80

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Hythem Shadid, MD – Orthopaedic Surgeon. Over the past twelve months, I have performed a total of 129 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 155 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

H. Shadid

Hythem Shadid, MD

Subscribed and sworn to me on this 3rd day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	**Zip Code**	**Patient Visits**
SHADID, M.D., HYTHEM P	10036	1
	53901	1
	60004	1
	60010	2
	60013	1
	60020	1
	60047	1
	60103	4
	60108	1
	60115	2
	60118	1
	60119	4
	60120	3
	60123	3
	60124	5
	60126	1
	60133	2
	60134	6
	60137	2
	60139	2
	60140	1
	60148	3
	60151	2
	60172	1
	60174	20
	60175	13
	60177	2
	60178	1
	60184	4
	60185	10
	60187	2
	60188	4
	60189	1
	60190	1
	60440	2
	60503	1
	60510	6
	60521	1
	60526	1
	60540	1
	60542	2
	60543	2
	60554	1
	60559	1
	60564	2
Total	**45**	**129**

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Hadi Siddiqui, DO – Gastroenterologist. Over the past twelve months, I have performed a total of 333 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 500 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Hadi Siddiqui, DO

Subscribed and sworn to me on this 6th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

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LAURA L OSCARSON
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MY COMMISSION EXPIRES:01/28/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	**Zip Code**	**Patient Visits**
SIDDIQUI, D.O., HADI	33544	1
	60097	1
	60103	2
	60107	1
	60112	1
	60115	10
	60119	15
	60120	1
	60121	1
	60123	4
	60124	7
	60134	63
	60135	1
	60140	3
	60145	1
	60151	6
	60172	1
	60174	48
	60175	48
	60177	13
	60178	5
	60185	7
	60186	1
	60187	1
	60188	2
	60189	3
	60190	1
	60423	1
	60503	1
	60504	1
	60505	4
	60506	10
	60510	36
	60520	1
	60538	1
	60542	9
	60543	1
	60545	2
	60548	3
	60554	11
	60560	1
	61010	1
	65010	1
	73071	1
Total	**44**	**333**

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Michele Slogoff, MD – General Surgeon. Over the past twelve months, I have performed a total of 48 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 65 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Michele Slogoff, MD

Subscribed and sworn to me on this 10th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/26/18

Appendix 1

Patient Origin by Zip Code		
Physician Name	Zip Codes	Patient Visits
SLOGOFF, MD, MICHELE I	60115	1
	60118	1
	60119	3
	60120	1
	60123	1
	60124	2
	60134	3
	60142	1
	60151	2
	60174	9
	60175	2
	60177	2
	60178	1
	60188	1
	60190	1
	60505	2
	60506	1
	60510	9
	60513	1
	60520	1
	60538	1
	60542	1
	60680	1
Total	23	48

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Yogesh Patel, DO – Gastroenterologist. Over the past twelve months, I have performed a total of 519 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 600 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Yogesh Patel, DO

Subscribed and sworn to me on this 5th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/26/18

Appendix 1

Patient Origin by Zip Code				
Physician Name	Zip Codes	Patient Visits	Zip Codes	Patient Visits
PATEL, D.O., YOGESH J	33908	1	60585	1
	34219	1	60634	1
	53235	1	61008	1
	60010	1	61114	1
	60014	1	61353	1
	60051	1	62056	1
	60084	1	80015	1
	60102	1		
	60103	5		
	60109	2		
	60112	2		
	60115	15		
	60119	34		
	60120	2		
	60123	7		
	60124	14		
	60134	85		
	80135	2		
	60140	3		
	60142	3		
	60150	1		
	60151	8		
	60174	65		
	60175	72		
	60177	19		
	60178	11		
	60183	1		
	60184	1		
	60185	12		
	60187	2		
	60188	2		
	60502	2		
	60504	1		
	60505	2		
	60506	12		
	60510	66		
	60520	4		
	60538	7		
	60542	22		
	80543	1		
	60551	1		
	80552	1		
	60554	10		
	60555	1		
	60556	1		
	60560	3		
	60563	1		
	60565	1		
		Total	55	519

Appendix 1

VALLEY AMBULATORY
SURGERY CENTER
Dedicated to Excellence in Patient Care

October 2, 2017

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Valley Ambulatory Surgery Center, L.P. ("VASC")

Dear Ms. Avery:

I am Jeffery Victor, DO – Gastroenterologist. Over the past twelve months, I have performed a total of 792 outpatient surgery cases at VASC.

Based on my historical referrals to VASC, I anticipate referring 850 surgical cases each year to the ASTC proposed by Valley Ambulatory Surgery Center, L.P. once it becomes operational. The patient origin by zip code of residence for these patients is attached. These referrals have not been used to support another pending or approved certificate of need application, and it is anticipated that future referrals to VASC will come from within the proposed geographic service area. The information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

Jeffery Victor, DO

Subscribed and sworn to me on this 5th day of October, 2017.

Laura L. Oscarson
Notary Public

Seal:

OFFICIAL SEAL
LAURA L OSCARSON
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/23/18

Appendix 1

Patient Origin by Zip Code				
Physician Name	Zip Codes	Patient Visits	Zip Codes	Patient Visits
VICTOR, D.O., JEFFERY T	29127	1	60554	31
	32259	1	60555	3
	34104	1	60560	6
	34236	1	60563	1
	40513	1	60564	1
	60005	1	60605	2
	60010	2	60638	1
	60012	1	60661	1
	60103	3	61021	1
	60109	2	61061	1
	60110	1	65534	1
	60112	3		
	60115	13		
	60119	45		
	60120	1		
	60121	1		
	60123	10		
	60124	16		
	60126	1		
	60134	135		
	60135	2		
	60140	3		
	60142	2		
	60145	1		
	60147	1		
	60151	18		
	60156	1		
	60174	113		
	60175	146		
	60177	15		
	60178	20		
	60184	5		
	60185	5		
	60187	3		
	60188	2		
	60189	1		
	60403	1		
	60502	4		
	60505	2		
	60506	8		
	60510	113		
	60511	1		
	60512	1		
	60538	5		
	60540	1		
	60542	23		
	60543	4		
	60545	1		
	60552	1		
		Total	60	792

Appendix 1

YOUR TRIP TO:

203 E Irving Park Rd, Wood Dale, IL, 60191-2045

44 MIN | 25.8 MI

Est. fuel cost: $1.98

Trip time based on traffic conditions as of 3:55 PM on October 13, 2017. Current Traffic: Moderate

Advantage Health Care Ltd.

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 3.51 miles — 3.70 total miles

3. Turn **right** onto Silver Glen Rd.

   Silver Glen Rd is 0.8 miles past Ridgewood Dr.

   Then 0.93 miles — 4.62 total miles

4. Turn **left** onto State Route 31/IL-31. Continue to follow IL-31.

   Then 0.72 miles — 5.34 total miles

5. Take the 2nd **left** onto S McLean Blvd.

   S McLean Blvd is 0.4 miles past Sims Ln.

   If you are on State Route 31 and reach Scott Ave you've gone about 0.2 miles too far.

   Then 0.19 miles — 5.53 total miles

6. Take the 1st **right** onto County Hwy-37/Stearns Rd.

   If you raach S Lancaster Cir you've gone about 0.1 miles too far.

   Then 1.87 miles — 7.40 total miles

7. Turn **left** onto Stearns Rd/IL-25/County Hwy-37. Continue to follow Stearns Rd.

   Then 6.92 miles — 14.32 total miles

8. Stearns Rd becomes Greenbrook Blvd.

   Then 0.95 miles — 15.27 total miles

9. Turn **left** onto E Lake St/US-20 W.

   Then 0.03 miles — 15.30 total miles

Appendix 2

10. Merge onto IL-390 E (Portions toll).

Then 6.46 miles — 21.75 total miles

11. IL-390 E becomes Thorndale Ave.

Then 2.41 miles — 24.16 total miles

12. Turn **right** onto N Wood Dale Rd.

N Wood Dale Rd is 0.9 miles past Prospect Ave.

If you reach N Central Ave you've gone about 0.2 miles too far.

Then 1.35 miles — 25.51 total miles

13. Turn **left** onto E Irving Park Rd/IL-19.

E Irving Park Rd is just past Front St.

If you reach E Crest Ave you've gone a little too far.

Then 0.24 miles — 25.75 total miles

14. 203 E Irving Park Rd, Wood Dale, IL 60191-2045, 203 E IRVING PARK RD is on the **left**.

Your destination is just past Oak Ave.

If you reach N Cedar Ave you've gone a little too far.

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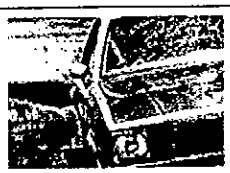

Car trouble mid-trip? MapQuest Roadside Assistance is here:

(1-888-461-3625)

Appendix 2

YOUR TRIP TO:

701 Winthrop Ave, Glendale Heights, IL, 60139-1405

37 MIN | 16.1 MI

Est. fuel cost: $1.73

Trip time based on traffic conditions as of 3:58 PM on October 13, 2017. Current Traffic: Heavy

Adventist GlenOaks Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 0.42 miles — 0.60 total miles

3. Turn **left** onto W Main St/IL-64. Continue to follow IL-64.

   If you reach Oak St you've gone about 0.3 miles too far.

   Then 14.46 miles — 15.05 total miles

4. Turn **left** onto Glen Ellyn Rd.

   Glen Ellyn Rd is 0.3 miles past Pearl Ave.

   Then 0.86 miles — 15.92 total miles

5. Turn **right** onto Winthrop Ave.

   If you reach E Fullerton Ave you've gone about 0.2 miles too far.

   Then 0.18 miles — 16.10 total miles

6. 701 Winthrop Ave, Glendale Heights, IL 60139-1405, 701 WINTHROP AVE is on the **right**.

   Your destination is just past Winthrop Ct.

   If you are on Jill Ct and reach Marilyn Ave you've gone a little too far.

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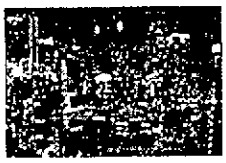

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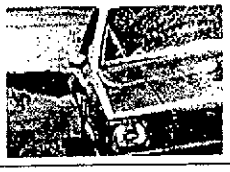

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Appendix 2

YOUR TRIP TO:

120 N Oak St, Hinsdale, IL, 60521-3800

1 HR | 32.7 MI

Est. fuel cost: $2.52

Trip time based on traffic conditions as of 4:14 PM on October 13, 2017. Current Traffic: Heavy

Adventist Hinsdale Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward Rendall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 3.44 miles — 13.42 total miles

6. Turn **slight left** to take the **I-88 E** ramp.

   Then 0.06 miles — 13.47 total miles

7. Merge onto I-88 E/Chicago-Kansas City Expressway E/Ronald Reagan Memorial Tollway E via the ramp on the **left** toward **I-88 E** (Portions toll).

   Then 15.16 miles — 28.63 total miles

8. Keep **right** to take I-294 S toward **Indiana** (Portions toll).

   Then 2.58 miles — 31.21 total miles

9. Merge onto E Ogden Ave/US-34 W.

   Then 0.48 miles — 31.70 total miles

Appendix 2

10. Turn **left** onto N County Line Rd.
If you are on US-34 W and reach Salt Creek Ln you've gone about 0.1 miles too far.

Then 0.79 miles — 32.48 total miles

11. Turn **right** onto E Walnut St.
E Walnut St is 0.1 miles past E Hickory St.

Then 0.13 miles — 32.60 total miles

12. Take the 1st **left** onto N Oak St.
If you reach N Elm St you've gone about 0.1 miles too far.

Then 0.08 miles — 32.69 total miles

13. 120 N Oak St, Hinsdale, IL 60521-3800, 120 N OAK ST is on the **right**.
If you reach Hillgrove Ave you've gone a little too far.

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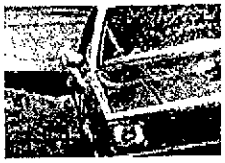
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Appendix 2

YOUR TRIP TO:

3815 Highland Ave, Downers Grove, IL, 60515-1500

46 MIN | 21.8 MI

Est. fuel cost: $1.68

Trip time based on traffic conditions as of 4:15 PM on October 13, 2017. Current Traffic: Heavy

Advocate Good Samaritan Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue **to follow IL-38.**

   IL-38 is 0.1 miles past Prairie St.

   Then 8.16 miles — 9.50 total miles

4. Turn **slight right** onto ramp.

   Then 0.15 miles — 9.65 total miles

5. Turn **right** onto S Neltnor Blvd/IL-59.

   If you are on IL-59 and reach Dayton St you've gone about 0.1 miles too far.

   Then 0.19 miles — 9.84 total miles

6. Turn **left** onto Garys Mill Rd.

   Garys Mill Rd is 0.1 miles past Carriage Dr.

   If you are on State Route 59 and reach E Wilson St you've gone about 0.1 miles too far.

   Then 0.41 miles — 10.25 total miles

7. Take the 1st **right** onto Purnell Rd.

   Purnell Rd is just past Orchard Ct.

   If you reach Roosevelt Rd you've gone about 0.2 miles too far.

   Then 1.31 miles — 11.56 total miles

8. Turn **right** onto Winfield Rd/County Hwy-13.

   Then 0.93 miles — 12.49 total miles

Appendix 2

9. Take the 3rd **left** onto Butterfield Rd/IL-56.

Butterfield Rd is 0.1 miles past Hoy Rd.

If you reach Illinois Prairie Path you've gone a little too far.

Then 7.82 miles — 20.31 total miles

10. Turn **slight right** onto ramp.

Then 0.24 miles — 20.56 total miles

11. Keep **right** at the fork in the ramp.

Then 0.11 miles — 20.67 total miles

12. Turn **right** onto County Hwy-9/Highland Ave.

Then 1.09 miles — 21.76 total miles

13. Make a **U-turn** at Black Oak Dr onto Highland Ave/County Hwy-9.

If you reach Good Samaritan Hospital you've gone a little too far.

Then 0.01 miles — 21.76 total miles

14. 3815 Highland Ave, Downers Grove, IL 60515-1500, 3815 HIGHLAND AVE is on the **right**.

If you raach Barneswood Dr you've gone about 0.1 miles too far.

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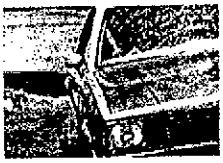

Car trouble mid-trip? MapQuest Roadside Assistance is here:

(1-888-461-3625)

Appendix 2

YOUR TRIP TO:

1445 N Randall Rd, Elgin, IL, 60123-2301

16 MIN | 10.9 MI

Est. fuel cost: $1.17

Trip time based on traffic conditions as of 4:16 PM on October 13, 2017. Current Traffic: Moderate

Advocate Sherman ASTC

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles
2. Turn **left** onto Randall Rd.
   Then 10.67 miles — 10.86 total miles
3. 1445 N Randall Rd, Elgin, IL 60123-2301, 1445 N RANDALL RD is on the **right**.
   Your destination is 0.3 miles past Big Timber Rd.
   If you reach Holmes Rd you've gone a little too far.

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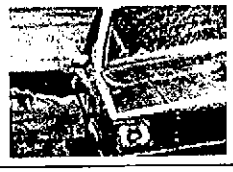
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Appendix 2

YOUR TRIP TO:

[12N000 - 12N004] Randall Rd

14 MIN | 9.0 MI

Est. fuel cost: $0.97

Trip time based on traffic conditions as of 4:18 PM on October 13, 2017. Current Traffic: Moderate

Advocate Sherman Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles
2. Turn **left** onto Randall Rd.
   Then 8.79 miles — 8.97 total miles
3. [12N000 - 12N004] Randall Rd, [12N000 - 12N004] RANDALL RD.
   Your destination is 0.1 miles past Brookside Dr.

   If you reach Wildmere Dr you've gone a little too far.

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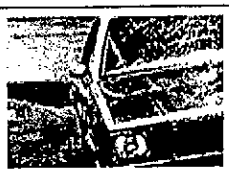
Car trouble mid-trip? MapQuest Roadside Assistance is here:
(1-888-461-3625)

Appendix 2

YOUR TRIP TO:

1580 W Lake St, Addison, IL, 60101-1171

41 MIN | 20.3 MI

Est. fuel cost: $1.56

Trip time based on traffic conditions as of 4:22 PM on October 13, 2017. Current Traffic: Heavy

Alden Center for Day Surgery LLC

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.
   Then 0.18 miles — 0.18 total miles
2. Turn **right** onto N Randall Rd.
   Then 0.42 miles — 0.60 total miles
3. Turn **left** onto W Main St/IL-64. Continue to follow IL-64.
   If you reach Oak St you've gone about 0.3 miles too far.
   Then 15.85 miles — 16.45 total miles
4. Merge onto I-355 N/Veterans Memorial Tollway N via the ramp on the **left** (Portions toll).
   Then 1.03 miles — 17.48 total miles
5. Keep **right** to take I-355 N toward **CASH** (Portions toll).
   Then 1.84 miles — 19.31 total miles
6. Take the **US-20/Lake St** exit, EXIT 31.
   Then 0.44 miles — 19.75 total miles
7. Turn **right** onto W Lake St/US-20 E.
   Then 0.49 miles — 20.24 total miles
8. Make a **U-turn** at Marcus Dr onto W Lake St/US-20 W.
   Then 0.06 miles — 20.30 total miles
9. 1580 W Lake St, Addison, IL 60101-1171, 1580 W LAKE ST.
   Your destination is just past Marcus Dr.
   If you reach N Central Ct you've gone about 0.1 miles too far.

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Appendix 2

YOUR TRIP TO:

800 Biesterfield Rd, Elk Grove Village, IL, 60007-3311

38 MIN | 24.5 MI

Est. fuel cost: $1.88

Trip time based on traffic conditions as of 4:23 PM on October 13, 2017. Current Traffic: Light

Alexian Brothers Medical Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 3.51 miles — 3.70 total miles

3. Turn **right** onto Silver Glen Rd.

   Silver Glen Rd is 0.8 miles past Ridgewood Dr.

   Then 0.93 miles — 4.62 total miles

4. Turn **left** onto State Route 31/IL-31. Continue to follow IL-31.

   Then 0.72 miles — 5.34 total miles

5. Take the 2nd **left** onto S McLean Blvd.

   S McLean Blvd is 0.4 miles past Sims Ln.

   If you ere on State Route 31 and reach Scott Ave you've gone about 0.2 miles too far.

   Then 0.19 miles — 5.53 total miles

6. Take the 1st **right** onto County Hwy-37/Stearns Rd.

   If you reach S Lancaster Cir you've gone about 0.1 miles too far.

   Then 1.87 miles — 7.40 total miles

7. Turn **left** onto Stearns Rd/IL-25/County Hwy-37. Continue to follow Stearns Rd.

   Then 6.92 miles — 14.32 total miles

8. Stearns Rd becomes Greenbrook Blvd.

   Then 0.95 miles — 15.27 total miles

9. Turn **left** onto E Lake St/US-20 W.

   Then 0.03 miles — 15.30 total miles

Appendix 2

10. Merge onto IL-390 E (Portions toll).

Then 6.46 miles — 21.75 total miles

11. IL-390 E becomes Thorndale Ave.

Then 0.11 miles — 21.86 total miles

12. Merge onto I-290 W toward **Rockford**.

Then 1.34 miles — 23.20 total miles

13. Take the **Biesterfield Rd** exit, EXIT 4, toward **IL-53 S**.

Then 0.41 miles — 23.61 total miles

14. Turn **right** onto **Biesterfield Rd**.

Then 0.64 miles — 24.25 total miles

15. Make a **U-turn** onto Biesterfield Rd.

If you reach Wellington Ave you've gone about 0.1 miles too far.

Then 0.20 miles — 24.45 total miles

16. 800 Biesterfield Rd, Elk Grove Village, IL 60007-3311, 800 BIESTERFIELD RD is on the **right**.

Your destination is just past Leicester Rd.

If you reach Beisner Rd you've gone about 0.1 miles too far.

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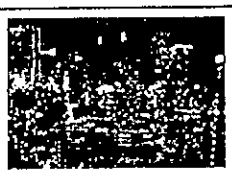

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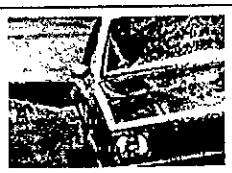

Car trouble mid-trip? MapQuest Roadside Assistance is here:

(1-888-461-3625)

Appendix 2

YOUR TRIP TO:

2550 Algonquin Rd, Algonquin, IL, 60102

41 MIN | 22.3 MI

Est. fuel cost: $1.72

Trip time based on traffic conditions as of 4:23 PM on October 13, 2017. Current Traffic: Moderate

Algonquin Road Surgery Center LLC

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 16.47 miles — 16.66 total miles

3. Turn **right** onto County Line Rd.

   If you are on S Randall Rd and reach Commerce Dr you've gone about 0.1 miles too far.

   Then 0.99 miles — 17.65 total miles

4. Turn **left** onto Hanson Rd.

   Then 0.24 miles — 17.90 total miles

5. Take the 1st **right** onto Edgewood Dr.

   If you reach Zange Dr you've gone about 0.2 miles too far.

   Then 0.98 miles — 18.88 total miles

6. Turn **left** onto S Main St/IL-31.

   Then 0.44 miles — 19.31 total miles

7. Turn **right** onto S Main St.

   S Main St is just past Division St.

   Then 0.28 miles — 19.59 total miles

8. Take the 3rd **right** onto W Algonquin Rd/IL-62.

   W Algonquin Rd is 0.1 miles past Washington St.

   If you are on N Main St and reach Front St you've gone a little too far.

   Then 0.20 miles — 19.78 total miles

Appendix 2

9. Take the 2nd **left** onto N River Rd.

N River Rd is 0.1 miles past N Harrison St.

If you reach N Hubbard St you've gone a little too far.

Then 2.47 miles 22.26 total miles

10. 2550 Algonquin Rd, Algonquin, IL 60102, 2550 ALGONQUIN RD.

Your destination is 0.1 miles past Zimmer Dr.

If you reech Parkway St you've gone a little too far.

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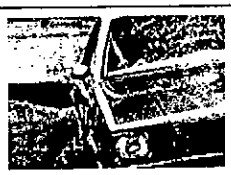

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Appendix 2

YOUR TRIP TO:

4333 Main St, Downers Grove, IL, 60515-2845

48 MIN | 24.3 MI

Est. fuel cost: $1.88

Trip time based on traffic conditions as of 4:24 PM on October 13, 2017. Current Traffic: Heavy

Ambulatory Surgicenter of Downers Grove

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 3.44 miles — 13.42 total miles

6. Turn **slight left** to take the **I-88 E** ramp.

   Then 0.06 miles — 13.47 total miles

7. Merge onto **I-88 E**/Chicago-Kansas City Expressway E/Ronald Raagan Memorial Tollway E via the ramp on the **left** toward **I-88 E** (Portions toll).

   Then 7.49 miles — 20.96 total miles

8. Take the **I-355 S** exit toward **Tollway/Joliet**.

   Then 0.27 miles — 21.23 total miles

9. Keep **right** to take the **US-34/Ogden** Ave ramp.

   Then 0.39 miles — 21.62 total miles

Appendix 2

10. Keep **left** to take the ramp toward **Downers Grove/TOLLWAY ADM STATE POLICE/BUSINESS CENTER**.

Then 0.02 miles — 21.64 total miles

11. Turn **left** onto **US-34 E/Ogden Ave**.

Then 2.46 miles — 24.11 total miles

12. Turn **right** onto Highland Ave.

Highland Ave is just past Main St.

If you reach Lindley St you've gone a little too far.

Then 0.11 miles — 24.22 total miles

13. Take the 1st **right** onto Sherman St.

Sherman St is just past Highland Ct.

If you reach Grant St you've gone about 0.1 miles too far.

Then 0.06 miles — 24.28 total miles

14. Turn **right** onto Main St.

Then 0.07 miles — 24.35 total miles

15. 4333 Main St, Downers Grove, IL 60515-2845, 4333 MAIN ST is on the **right**.

Your destination is just past Sherman St.

If you reach Ogden Ave you've gone a little too far.

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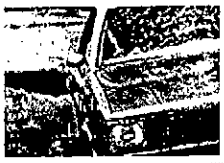

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Appendix 2

YOUR TRIP TO:

2750 S River Rd, Des Plaines, IL, 60018-4103

47 MIN | 39.8 MI

Est. fuel cost: $3.06

Trip time based on traffic conditions as of 4:25 PM on October 13, 2017. Current Traffic: Light

Apollo Surgical Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.
   Then 11.27 miles — 11.46 total miles

3. Merge onto I-90 E/Jane Addams Memorial Tollway E toward **Chicago** (Portions toll) (Electronic toll collection only).
   Then 25.68 miles — 37.14 total miles

4. Merge onto I-294 N/Tri State Tollway N via EXIT 77B toward **Wisconsin** (Portions toll).
   Then 1.70 miles — 38.84 total miles

5. Take the **Touhy Ave W/West Touhy Ave** exit.
   Then 0.27 miles — 39.11 total miles

6. Merge onto E Touhy Ave.
   Then 0.12 miles — 39.23 total miles

7. Turn **left** onto S River Rd.
   If you reach Hickory St you've gone about 0.1 miles too far.
   Then 0.53 miles — 39.76 total miles

8. 2750 S River Rd, Des Plaines, **IL** 60018-4103, 2750 S RIVER RD is on the **right**.
   If you reach E Devon Ave you've gone about 0.5 miles too far.

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Appendix 2

YOUR TRIP TO:

1800 McDonough Rd, Hoffman Estates, IL, 60192-4520

30 MIN | 16.5 MI

Est. fuel cost: $1.78

Trip time based on traffic conditions as of 4:26 PM on October 13, 2017. Current Traffic: Heavy

Ashton Center for Day Surgery

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 6.20 miles — 6.39 total miles

3. Turn **right** onto Bowes Rd.

   Bowes Rd is 0.8 miles past Hopps Rd.

   Then 1.08 miles — 7.47 total miles

4. Turn **left** onto S McLean Blvd.

   S McLean Blvd is just past Ascot Dr.

   If you are on Bowes Rd and reach Crispin Dr you've gone about 0.4 miles too far.

   Then 1.10 miles — 8.57 total miles

5. Merge onto US-20 E.

   If you reach Main Ln you've gone about 0.1 miles too far.

   Then 3.96 miles — 12.53 total miles

6. Turn **left** onto Shales Pkwy.

   If you are on US-20 E and reach US Highway 20 you've gone about 0.1 miles too far.

   Then 0.89 miles — 13.42 total miles

7. Turn **right** onto E Chicago St/IL-19.

   E Chicago St is 0.1 miles past Lehman Dr.

   If you reach Chaparrel Cir you've gone about 0.2 miles too far.

   Then 0.36 miles — 13.79 total miles

Appendix 2

8. Take the 2nd **left** onto Rohrssen Rd.

Rohrssen Rd is 0.1 miles past Littleton Trl.

If you reach King Arthur Ct you've gone about 0.1 miles too far.

Then 0.56 miles — 14.35 total miles

9. Take the 2nd **right** to stay on Rohrssen Rd.

Rohrssen Rd is 0.1 miles past Cardinal Dr.

If you are on Bode Rd and reach Fawn Ln you've gone a little too far.

Then 1.38 miles — 15.72 total miles

10. Turn **right** onto McDonough Rd.

McDonough Rd is 0.3 miles past Fox Path Ln.

If you reach Shoe Factory Rd you've gone about 0.3 miles too far.

Then 0.74 miles — 16.46 total miles

11. 1800 McDonough Rd, Hoffman Estates, IL 60192-4520, 1800 MCDONOUGH RD.

Your destination is just past Deer Valley Ln.

If you reach Shoe Factory Rd you've gone a little too far.

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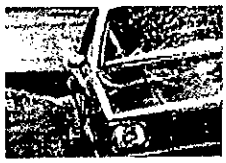

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Appendix 2

YOUR TRIP TO:

600 Hart Rd, Barrington, IL, 60010-2603

48 MIN | 27.3 MI

Est. fuel cost: $2.10

Trip time based on traffic conditions as of 4:26 PM on October 13, 2017. Current Traffic: Heavy

Barrington Pain and Spine Institute

1. Start out going **southeast** on Daan St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.
   Then 11.27 miles — 11.46 total miles

3. **Merge** onto I-90 E/Jane Addams Memorial Tollway E toward **Chicago** (Portions toll).
   Then 7.06 miles — 18.52 total miles

4. Take the **IL-59** exit, EXIT 59.
   Then 0.46 miles — 18.97 total miles

5. Turn **left** onto IL-59/N Sutton Rd. Continue to follow IL-59.
   Then 6.30 miles — 25.27 total miles

6. Turn **left** onto Dundee Ave.
   Dundee Ave is 0.6 miles past Hawthorne Ln.

   If you are on IL-59 and reach Illinois St you've gone about 0.1 miles too far.

   Then 0.91 miles — 26.18 total miles

7. Turn **left** onto W Main St.
   Then 0.50 miles — 26.68 total miles

8. Turn **right** onto Hart Rd.
   Hart Rd is 0.2 miles past N Hager Ave.

   If you are on W County Line Rd and reach Oakdene Rd you've gone about 0.2 miles too far.

   Then 0.59 miles — 27.27 total miles

9. 600 Hart Rd, Barrington, IL 60010-2603, 600 HART RD is on the **left**.
   If you reach Oakwood Dr you've gone about 0.2 miles too far.

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YOUR TRIP TO:

27650 Ferry Rd

35 MIN | 15.3 MI

Est. fuel cost: $1.65

Trip time based on traffic conditions as of 4:28 PM on October 13, 2017. Current Traffic: Heavy

Cadence Ambulatory Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 10.09 miles — 11.42 total miles

4. Turn **right** onto Winfield Rd/County Hwy-13.

   Winfield Rd is 0.1 miles past Normandy Woods Dr.

   If you reach Grant St you've gone about 0.1 miles too far.

   Then 2.94 miles — 14.36 total miles

5. Turn **left** onto Warrenville Rd.

   Warrenville Rd is 0.1 miles past Jefferson St.

   If you reach McCormick Ln you've gone about 0.1 miles too far.

   Then 0.60 miles — 14.96 total miles

6. Turn **right** onto Ferry Rd/County Hwy-3.

   Then 0.31 miles — 15.26 total miles

7. 27650 Ferry Rd, Warrenville, IL 60555, 27650 FERRY RD is on the **right**.

   Your destination is 0.1 miles past Maecliff Dr.

   If you reach Chase Ct you've gone a little too far.

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Appendix 2

YOUR TRIP TO:

2111 Ogden Ave

43 MIN | 21.0 MI

Est. fuel cost: $1.62

Trip time based on traffic conditions as of 4:29 PM on October 13, 2017. Current Traffic: Heavy

Castle Surgicenter LLC

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 6.97 miles — 7.15 total miles

3. Turn **right** onto N Orchard Rd/County Hwy-83.

   N Orchard Rd is 0.4 miles past Heritage Dr.

   If you are on N Randall Rd and reach Kilbery Ln you've gone about 0.1 miles too far.

   Then 7.51 miles — 14.66 total miles

4. Turn **left** onto US Route 30/US-30 E. Continue to follow US-30 E.

   US-30 E is just past Brentwood Ave.

   If you reach Mayfield Dr you've gone about 0.2 miles too far.

   Then 4.78 miles — 19.44 total miles

5. Turn **left** onto US Highway 34/US-30 E/US-34 E. Continue to follow US-34 E.

   US-34 E is 0.2 miles past Goodwin Dr.

   If you reach Waterbury Cir you've gone about 0.2 miles too far.

   Then 1.54 miles — 20.98 total miles

6. 2111 Ogden Ave, Aurora, IL 60504-7597, 2111 OGDEN AVE is on the **right**.

   Your destination is 0.1 miles past Pointe Blvd.

   If you reach Ridge Ave you've gone a little too far.

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Appendix 2

YOUR TRIP TO:

10400 Haligus Rd

39 MIN | 21.7 MI

Est. fuel cost: $1.68

Trip time based on traffic conditions as of 4:30 PM on October 13, 2017. Current Traffic: Heavy

Centegra Hospital - Huntley

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 17.98 miles — 18.16 total miles

3. Turn **left** onto W Algonquin Rd.

   W Algonquin Rd is 0.2 miles past Stonegate Rd.

   Then 3.48 miles — 21.64 total miles

4. Turn **right** onto Haligus Rd.

   If you reach Northbridge Dr you've gone about 0.2 miles too far.

   Then 0.10 miles — 21.74 total miles

5. 10400 Haligus Rd, Huntley, IL 60142-9558, 10400 HALIGUS RD is on the **right**.

   If you reach Faiths Way you've gone a little too far.

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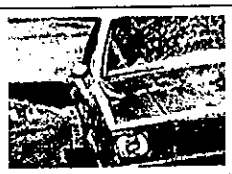

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Appendix 2

YOUR TRIP TO:

3701 Doty Rd

49 MIN | 27.2 MI

Est. fuel cost: $2.10

Trip time based on traffic conditions as of 4:31 PM on October 13, 2017. Current Traffic: Heavy

Centegra Hospital - Woodstock

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles
2. Turn **left** onto Randall Rd.
   Then 19.98 miles — 20.16 total miles
3. Randall Rd becomes James R Rakow Rd.
   Then 0.16 miles — 20.33 total miles
4. Turn **left** onto McHenry Ave.
   Then 1.85 miles — 22.17 total miles
5. Turn **left** onto W Virginia St/US-14 W. Continue to follow US-14 W.
   US-14 W is just past Pierson St.
   If you reach S Oriole Trl you've gone a little too far.
   Then 4.95 miles — 27.12 total miles
6. Turn **left** onto Doty Rd.
   Doty Rd is 0.6 miles past Lily Pond Rd.
   If you reach Lake Shore Dr you've gone about 0.5 miles too far.
   Then 0.10 miles — 27.22 total miles
7. 3701 Doty Rd, Woodstock, IL 60098-7509, 3701 DOTY RD is on the **right**.
   If you reach Memorial Dr you've gone a little too far.

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Appendix 2

YOUR TRIP TO:

25 N Winfield Rd

28 MIN | 12.6 MI

Est. fuel cost: $1.36

Trip time based on traffic conditions as of 4:32 PM on October 13, 2017. Current Traffic: Heavy

Central DuPage Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 10.09 miles — 11.42 total miles

4. Turn **left** onto Winfield Rd/County Hwy-13. Continue to follow Winfield Rd.

   Winfield Rd is 0.1 miles past Normandy Woods Dr.

   If you reach Grant St you've gone about 0.1 miles too far.

   Then 1.21 miles — 12.63 total miles

5. 25 N Winfield Rd, Winfield, IL 60190, 25 N WINFIELD RD.

   Your destination is just past Barnes St.

   If you reach Hospital Rd you've gone about 0.1 miles too far.

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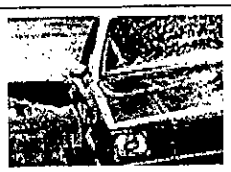

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Appendix 2

YOUR TRIP TO:

129 W Rand Rd

50 MIN | 34.8 MI

Est. fuel cost: $2.68

Trip time based on traffic conditions as of 4:33 PM on October 13, 2017. Current Traffic: Moderate

Chicago Surgical Clinic

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles
2. Turn **left** onto Randall Rd.
   Then 11.27 miles — 11.46 total miles
3. Merge onto I-90 E/Jane Addams Memorial Tollway E toward **Chicago** (Portions toll).
   Then 14.96 miles — 26.41 total miles
4. Take **EXIT** 68A-B toward **IL-53/West Suburbs/I-290/Chicago**.
   Then 0.58 miles — 27.00 total miles
5. **Keep left** to take the **IL-53 N** ramp toward **Northwest Suburbs**.
   Then 0.93 miles — 27.92 total miles
6. Merge onto IL-53 N via the ramp on the **left**.
   Then 5.31 miles — 33.23 total miles
7. Merge onto W Rand Rd/US-12 E.
   Then 1.60 miles — 34.84 total miles
8. 129 W Rand Rd, Arlington Heights, IL 60004-3142, 129 W RAND RD.
   If you reach N Arlington Heights Rd you've gone about 0.3 miles too far.

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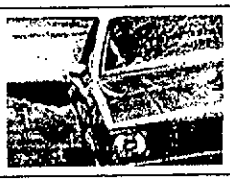
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Appendix 2

YOUR TRIP TO:

300 Randall Rd

6 MIN | 2.4 MI

Est. fuel cost: $0.26

Trip time based on traffic conditions as of 4:33 PM on October 13, 2017. Current Traffic: Heavy

Delnor Community Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.
   Then 0.18 miles — 0.18 total miles
2. Turn **right** onto N Randall Rd.
   Then 2.23 miles — 2.41 total miles
3. 300 Randall Rd, Geneva, IL 60134-4203, 300 RANDALL RD is on the **right**.
   Your destination is 0.2 miles past Williamsburg Ave.

   If you reach Kaneville Rd you've gone about 0.2 miles too far.

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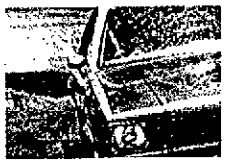
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Appendix 2

YOUR TRIP TO:

2940 Rollingridge Rd

50 MIN | 20.7 MI

Est. fuel cost: $1.60

Trip time based on traffic conditions as of 4:34 PM on October 13, 2017. Current Traffic: Heavy

DMG Pain Management Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59. Continue to follow IL-59.

   IL-59 is 0.3 miles past Wilson St.

   Then 10.64 miles — 20.62 total miles

6. Turn **right** onto Rollingridge Rd.

   Rollingridge Rd is 0.4 miles past Lacrosse Ln.

   If you reach 103rd St you've gone about 0.2 miles too far.

   Then 0.07 miles — 20.69 total miles

7. 2940 Rollingridge Rd, Naperville, IL 60564-4216, 2940 ROLLINGRIDGE RD is on the **left**.

   Your destination is just past Saganashkee Ln.

   If you reach Junebreeze Ln you've gone a little too far.

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Appendix 2

YOUR TRIP TO:

2725 Technology Dr

43 MIN | 21.5 MI

Est. fuel cost: $1.66

Trip time based on traffic conditions as of 9:26 AM on October 17, 2017. Current Traffic: Heavy

DMG Surgical Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.
   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.
   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.
   IL-38 is 0.1 miles past Prairie St.
   Then 8.16 miles — 9.50 total miles

4. Turn **slight right** onto ramp.
   Then 0.15 miles — 9.65 total miles

5. Turn **right** onto S Neltnor Blvd/IL-59.
   If you are on IL-59 and reach Dayton St you've gone about 0.1 miles too far.
   Then 0.19 miles — 9.84 total miles

6. Turn **left** onto Garys Mill Rd.
   Garys Mill Rd is 0.1 miles past Carriage Dr.
   If you are on State Route 59 and reach E Wilson St you've gone about 0.1 miles too far.
   Than 0.41 miles — 10.25 total miles

7. Take the **1st right** onto Purnell Rd.
   Purnell Rd is just past Orchard Ct.
   If you reach Roosevelt Rd you've gone about 0.2 miles too far.
   Then 1.31 miles — 11.56 total miles

8. Turn **right** onto Winfield Rd/County Hwy-13.
   Then 0.93 miles — 12.49 total miles

Appendix 2

9. Take the 3rd **left** onto Butterfield Rd/IL-56.

Butterfield Rd is 0.1 miles past Hoy Rd.

If you reach Illinois Prairie Path you've gone a little too far.

Then 8.85 miles ..... 21.34 total miles

10. Turn **right** onto Technology Dr.

Technology Dr is 0.2 miles past S Fairfield Ave.

Then 0.20 miles ..... 21.55 total miles

11. 2725 Technology Dr, Lombard, IL 60148-5675, 2725 TECHNOLOGY DR is on the **left**.

If you reach the end of Technology Dr you've gone about 0.2 miles too far.

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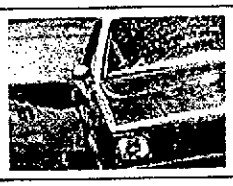

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Appendix 2

YOUR TRIP TO:

1221 N Highland Ave

27 MIN | 10.7 MI

Est. fuel cost: $1.16

Trip time based on traffic conditions as of 4:36 PM on October 13, 2017. Current Traffic: Heavy

Dreyer Ambulatory Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 9.07 miles — 9.25 total miles

3. Turn **left** onto Sullivan Rd.

   Sullivan Rd is 0.2 miles past Sequoia Dr.

   If you reach W Indian Trl you've gone about 0.5 miles too far.

   Then 1.07 miles — 10.33 total miles

4. Turn **right** onto N Highland Ave.

   N Highland Ave is just past Evergreen Dr.

   If you reach Fairview Dr you've gone a little too far.

   Then 0.39 miles — 10.72 total miles

5. 1221 N Highland Ave, Aurora, IL 60506-1404, 1221 N HIGHLAND AVE is on the **left**.

   Your destination is 0.1 miles past Mercy Ln.

   If you reach W Indian Trl you've gone about 0.1 miles too far.

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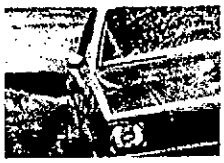

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Appendix 2

YOUR TRIP TO:

2015 N Main St

30 MIN | 14.2 MI

Est. fuel cost: $1.53

Trip time based on traffic conditions as of 4:38 PM on October 13, 2017. Current Traffic: Heavy

DuPage Eye Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 0.42 miles — 0.60 total miles

3. Turn **left** onto W Main St/IL-64. Continue to follow IL-64.

   If you reach Oak St you've gone about 0.3 miles too far.

   Then 11.53 miles — 12.13 total miles

4. Turn **right** onto S Gary Ave.

   S Gary Ave is 0.5 miles past Windsor Park Dr.

   If you are on North Ave and reach Alexandra Way you've gone about 0.2 miles too far.

   Then 1.12 miles — 13.25 total miles

5. Turn **left** onto Geneva Rd.

   Geneva Rd is 0.1 miles past Mellor Rd.

   Then 0.76 miles — 14.01 total miles

6. Turn **right** onto N Main St.

   N Main St is 0.2 miles past West St.

   Then 0.23 miles — 14.24 total miles

7. 2015 N Main St, Wheaton, IL 60187-3152, 2015 N MAIN ST is on the **left**.

   If you reach E Cole Ave you've gone a little too far.

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Appendix 2

YOUR TRIP TO:

7425 Janes Ave

41 MIN | 25.9 MI

Est. fuel cost: $2.00

Trip time based on traffic conditions as of 11:29 AM on October 17, 2017. Current Traffic: Moderate

DuPage Vascular Care

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Paarl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 3.44 miles — 13.42 total miles

6. Turn **slight left** to take the **I-88 E** ramp.

   Then 0.06 miles — 13.47 total miles

7. Merge onto I-88 E/Chicago-Kansas City Expressway E/Ronald Reagan Memorial Tollway E via the ramp on the **left** toward **I-88 E** (Portions toll).

   Then 7.49 miles — 20.96 total miles

8. Merge onto I-355 S/Veterans Memorial Tollway S toward **Joliet** (Portions toll).

   Then 4.19 miles — 25.15 total miles

9. Take the **75th St** exit.

   Then 0.42 miles — 25.57 total miles

Appendix 2

10. Keep **right** to take the ramp toward **Woodridge**.

Then 0.03 miles 25.60 total miles

11. Turn **right** onto 75th St.

Then 0.21 miles 25.82 total miles

12. Turn **right** onto Janes Ave.

If you reach Catalpa Ave you've gone about 0.4 miles too far.

Then 0.09 miles 25.91 total miles

13. 7425 Janas Ava, Woodridge, IL 60517-2306, 7425 JANES AVE is on the **right**.

If you reach Mohawk Ave you've gone a little too far.

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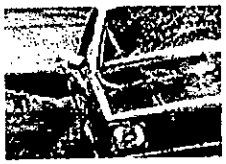

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Appendix 2

YOUR TRIP TO:

801 S Washington St

41 MIN | 18.9 MI

Est. fuel cost: $2.04

Trip time based on traffic conditions as of 4:38 PM on October 13, 2017. Current Traffic: Heavy

Edward Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 10.09 miles — 11.42 total miles

4. Turn **right** onto Winfield Rd/County Hwy-13.

   Winfield Rd is 0.1 miles past Normandy Woods Dr.

   If you reach Grant St you've gone about 0.1 miles too far.

   Then 2.94 miles — 14.36 total miles

5. Turn **left** onto Warrenville Rd.

   Warrenville Rd is 0.1 miles past Jefferson St.

   If you reach McCormick Ln you've gone about 0.1 miles too far.

   Then 0.65 miles — 15.01 total miles

6. Warrenville Rd becomes Mill St/County Hwy-32.

   Then 1.86 miles — 16.88 total miles

7. Turn **left** onto W Ogden Ave/US-34 E.

   W Ogden Ave is just past 10th Ave.

   If you reach W 6th Ave you've gone about 0.2 miles too far.

   Then 0.38 miles — 17.25 total miles

Appendix 2

8. Turn **right** onto N Washington St.

N Washington St is just past N Main St.

If you are on E Ogden Ave and reach N Center St you've gone a little too far.

Then 1.68 miles 18.93 total miles

9. 801 S Washington St, Naperville, IL 60540-7430, 801 S WASHINGTON ST is on the **right**.

Your destination is just past Spalding Dr.

If you reach Edgewater Dr you've gone a little too far.

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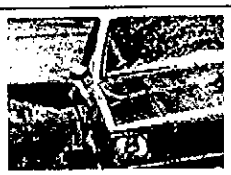

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Appendix 2

YOUR TRIP TO:

745 Fletcher Dr

20 MIN | 10.2 MI

Est. fuel cost: $1.10

Trip time based on traffic conditions as of 4:39 PM on October 13, 2017. Current Traffic: Heavy

Elgin Gastroenterology Endoscopy Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 9.67 miles — 9.86 total miles

3. Turn **right** onto Fletcher Dr.

   Fletcher Dr is 0.2 miles past Royal Blvd.

   Then 0.31 miles — 10.17 total miles

4. 745 Fletcher Dr, Elgin, IL 60123-4738, 745 FLETCHER DR is on the **left**.

   Your destination is 0.1 miles past Millcreek Cir.

   If you reach Royal Blvd you've gone a little too far.

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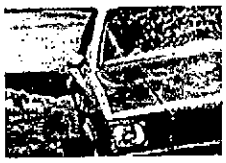

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Appendix 2

YOUR TRIP TO:

340 W Butterfield Rd

52 MIN | 24.6 MI

Est. fuel cost: $1.89

Trip time based on traffic conditions as of 4:40 PM on October 13, 2017. Current Traffic: Heavy

Elmhurst Foot & Ankle Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 0.42 miles — 0.60 total miles

3. Turn **left** onto W Main St/IL-64. Continue to follow IL-64.

   If you reach Oak St you've gone about 0.3 miles too far.

   Then 19.54 miles — 20.14 total miles

4. Turn **right** onto N State Route 83/IL-83. Continue to follow N State Route 83.

   N State Route 83 is 0.1 miles past Villa Ave.

   If you are on IL-64 and reach IL-83 you've gone a little too far.

   Then 3.35 miles — 23.48 total miles

5. Merge onto IL-56 E/Butterfield Rd toward **IL-38 E/Roosevelt Rd.**

   Then 1.07 miles — 24.55 total miles

6. 340 W Butterfield Rd, Elmhurst, IL 60126-5076, 340 W BUTTERFIELD RD is on the **right.**

   Your destination is 0.1 miles past Commonwealth Ln.

   If you reach S Spring Rd you've gone a little too far.

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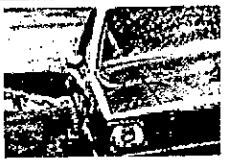

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Appendix 2

YOUR TRIP TO:

155 E Brush Hill Rd

52 MIN | 30.3 MI

Est. fuel cost: $2.33

Trip time based on traffic conditions as of 4:40 PM on October 13, 2017. Current Traffic: Heavy

Elmhurst Memorial Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 3.44 miles — 13.42 total miles

6. Turn **slight left** to take the **I-88 E** ramp.

   Then 0.06 miles — 13.47 total miles

7. Merge onto I-88 E/Chicago-Kansas City Expressway E/Ronald Reagan Memorial Tollway E via the ramp on the **left** toward **I-88 E** (Portions toll).

   Then 15.16 miles — 28.63 total miles

8. Keep **right** to take I-294 S toward **Indiana** (Portions toll).

   Then 0.35 miles — 28.99 total miles

9. Take the **York Rd** exit.

   Then 0.24 miles — 29.23 total miles

Appendix 2

10. Turn **right** onto York Rd.

If you reach Clearwater Dr you've gone about 0.2 miles too far.

Then 0.51 miles — 29.74 total miles

11. Stay **straight** to go onto S York St.

Then 0.32 miles — 30.06 total miles

12. Turn **left** onto E Brush Hill Rd.

If you reach E Harvard St you've gone about 0.1 miles too far.

Then 0.20 miles — 30.26 total miles

13. 155 E Brush Hill Rd, Elmhurst, IL 60126-5658, 155 E BRUSH HILL RD is on the **right**.

Your destination is 0.1 miles past Fronza Pkwy.

If you reach S Euclid Ave you've gone about 0.2 miles too far.

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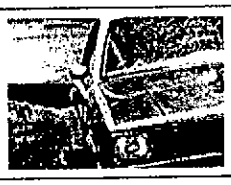

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Appendix 2

YOUR TRIP TO:

1200 S York St

51 MIN | 30.7 MI

Est. fuel cost: $2.37

Trip time based on traffic conditions as of 4:41 PM on October 13, 2017. Current Traffic: Heavy

Elmhurst Outpatient Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.
   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.
   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.
   IL-38 is 0.1 miles past Prairie St.
   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.
   Joliet St is 0.3 miles past Pearl Rd.
   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.
   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.
   State Route 59 is 0.3 miles past Wilson St.
   Then 3.44 miles — 13.42 total miles

6. Turn **slight left** to take the **I-88 E** ramp.
   Then 0.06 miles — 13.47 total miles

7. Merge onto I-88 E/Chicago-Kansas City Expressway E/Ronald Reagan Memorial Tollway E via the ramp on the **left** toward **I-88 E** (Portions toll).
   Then 15.16 miles — 28.63 total miles

8. Keep **right** to take I-294 S toward **Indiana** (Portions toll).
   Then 0.35 miles — 28.99 total miles

9. Take the **York Rd** exit.
   Then 0.24 miles — 29.23 total miles

Appendix 2

10. Turn **right** onto York Rd.

If you reach Clearwater Dr you've gone about 0.2 miles too far.

Then 0.51 miles — 29.74 total miles

11. Stay **straight** to go onto S York St.

Then 0.73 miles — 30.47 total miles

12. Turn **left**.

Just pest Lexington St.

If you reach E Butterfield Rd you've gone a little too far.

Then 0.01 miles — 30.47 total miles

13. Turn **left** onto S York St.

Then 0.27 miles — 30.75 total miles

14. 1200 S York St, Elmhurst, IL 60126-5608, 1200 S YORK ST is on the **right**.

Your destination is just past E Harvard St.

If you reech E Brush Hill Rd you've gone about 0.1 miles too far.

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Appendix 2

YOUR TRIP TO:

2525 Kaneville Rd

8 MIN | 3.4 MI

Est. fuel cost: $0.37

Trip time based on traffic conditions as of 4:42 PM on October 13, 2017. Current Traffic: Heavy

Fox Valley Orthopaedic Associates

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 2.96 miles — 3.14 total miles

3. Turn **right** onto Fargo Blvd.

   Fargo Blvd is 0.5 miles pest Keslinger Rd.

   If you are on S Randall Rd and reach Christina Ln you've gone about 0.2 miles too far.

   Then 0.15 miles — 3.30 total miles

4. Take the 2nd **right** onto Kaneville Rd.

   Kaneville Rd is just past Randall Ct.

   If you reach Pioneer Ct you've gone a little too far.

   Then 0.15 miles — 3.44 total miles

5. 2525 Kaneville Rd, Geneva, IL 60134-2578, 2525 KANEVILLE RD is on the **right**.

   Your destination is just past Ginger Ln.

   If you reach Sodarquist Ct you've gone a little too far.

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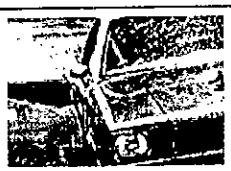

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Appendix 2

YOUR TRIP TO:

[2200 - 2276] Gateway Dr

30 MIN | 22.7 MI

Est. fuel cost: $1.75

Trip time based on traffic conditions as of 4:43 PM on October 13, 2017. Current Traffic: Light

Hauser Ross Eye Institute

1. Start out going **northwest** on Dean St/County Hwy-53 toward Bittersweet Rd.

   Then 1.93 miles — 1.93 total miles

2. Turn **right** onto State Route 64/IL-64.

   State Route 64 is just past Dean Ln.

   If you are on Arbor Creek Rd and reach Wyngate Rd you've gone a little too far.

   Then 12.31 miles — 14.25 total miles

3. Turn **left** onto E County Line Rd/County Hwy-1.

   E County Line Rd is 0.5 miles past McGough Rd.

   If you are on E State St and reach Larson Rd you've gone about 0.6 miles too far.

   Then 1.27 miles — 15.52 total miles

4. Turn **right** onto Barber Greene Rd.

   Barber Greene Rd is just past Peterson Rd.

   If you reach Winters Rd you've gone about 0.9 miles too far.

   Then 6.43 miles — 21.94 total miles

5. Turn **right** onto Sycamore Rd/IL-23. Continue to follow IL-23.

   Then 0.66 miles — 22.60 total miles

6. Turn **right** onto Gateway Dr.

   Gateway Dr is 0.2 miles past Oakland Dr.

   If you reach Bethany Rd you've gone about 0.2 miles too far.

   Then 0.11 miles — 22.71 total miles

7. [2200 - 2276] Gateway Dr, [2200 - 2276] GATEWAY DR.

   If you reach Hauser Ross Dr you've gone about 0.1 miles too far.

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Appendix 2

YOUR TRIP TO:

515 W Algonquin Rd

43 MIN | 30.9 MI

Est. fuel cost: $2.38

Trip time based on traffic conditions as of 4:44 PM on October 13, 2017. Current Traffic: Moderate

Illinois Hand & Upper Extremity Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.
   Then 11.27 miles — 11.46 total miles

3. Merge onto I-90 E/Jane Addams Memorial Tollway E toward **Chicago** (Portions toll).
   Then 18.30 miles — 29.76 total miles

4. Take the **Arlington Hts Road** exit, EXIT 70.
   Then 0.41 miles — 30.16 total miles

5. Keep **left** to take the ramp toward **Arlington Hts**.
   Then 0.02 miles — 30.18 total miles

6. Turn **left** onto S Arlington Heights Rd.
   Then 0.39 miles — 30.57 total miles

7. Turn **left** onto W Algonquin Rd/IL-62.
   If you reach W Seegers Rd you've gone about 0.3 miles too far.
   Then 0.35 miles — 30.92 total miles

8. 515 W Algonquin Rd, Arlington Heights, IL 60005-4411, 515 W ALGONQUIN RD is on the **left**.
   Your destination is 0.1 miles past S Reserve Dr.
   If you reach Meijer Dr you've gone about 0.2 miles too far.

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Appendix 2

YOUR TRIP TO:

100 5th St

37 MIN | 18.1 MI

Est. fuel cost: $1.96

Trip time based on traffic conditions as of 4:44 PM on October 13, 2017. Current Traffic: Heavy

Kandall Pointe Surgery Center LLC

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 6.97 miles — 7.15 total miles

3. Turn **right** onto N Orchard Rd/County Hwy-83.

   N Orchard Rd is 0.4 miles past Heritage Dr.

   If you are on N Randall Rd and reach Kilbery Ln you've gone about 0.1 miles too far.

   Then 7.51 miles — 14.66 total miles

4. Turn **left** onto US Route 30/US-30 E. Continue to follow US-30 E.

   US-30 E is just past Brentwood Ave.

   If you reach Mayfield Dr you've gone about 0.2 miles too far.

   Then 3.35 miles — 18.01 total miles

5. Turn **right** onto 5th St.

   5th St is 0.2 miles past Douglas Rd.

   If you are on US-30 E and reach Goodwin Dr you've gone about 1.1 miles too far.

   Than 0.13 miles — 18.14 total miles

6. 100 5th St, Oswego, IL 60543-8338, 100 5TH ST is on the **left**.

   If you reach Wiesbrook Rd you've gone a little too fer.

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Appendix 2

YOUR TRIP TO:

1S224 Summit Ave, SUITE 201, Oakbrook Terrace, IL, 60181-3905

48 MIN | 21.6 MI

Est. fuel cost: $1.66

Trip time based on traffic conditions as of 4:46 PM on October 13, 2017. Current Traffic: Heavy

Loyola Amb. Surg. Ctr. at Oakbrook Terrace

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 19.80 miles — 21.13 total miles

4. Turn **right** onto Summit Ave.

   Summit Ave is 0.2 miles past Ardmore Ave.

   If you reach Euclid Ave you've gone about 0.1 miles too far.

   Then 0.28 miles — 21.41 total miles

5. Turn **right**.

   Just past 14th St.

   If you reach Morningside Dr you've gone a little too far.

   Then 0.12 miles — 21.54 total miles

6. Turn **left**.

   Then 0.07 miles — 21.60 total miles

7. 1S224 Summit Ave, SUITE 201, Oakbrook Terrace, IL 60181-3905, 1S224 SUMMIT AVE, SUITE 201.

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Appendix 2

YOUR TRIP TO:

2120 Midlands Ct

32 MIN | 21.5 MI

Est. fuel cost: $1.66

Trip time based on traffic conditions as of 4:46 PM on October 13, 2017. Current Traffic: Moderate

Midland Surgical Center

1. Start out going **northwest** on Dean St/County Hwy-53 toward Bittersweet Rd.

   Then 1.93 miles — 1.93 total miles

2. Turn **right** onto State Route 64/IL-64. Continue to follow **IL-64**.

   IL-64 is just past Dean Ln.

   If you are on Arbor Creek Rd and reach Wyngate Rd you've gone a little too far.

   Then 17.36 miles — 19.29 total miles

3. Turn **left** onto Center Cross St/IL-23.

   Center Cross St is just past N Cross St.

   If you reach Alma St you've gone about 0.1 miles too far.

   Then 0.32 miles — 19.61 total miles

4. Turn **right** onto Dekalb Ave/IL-23.

   Then 1.77 miles — 21.38 total miles

5. Turn **left** onto Midlands Ct.

   Midlands Ct is 0.1 miles past Mercantile Dr.

   If you reach Bethany Rd you've gone about 0.1 miles too far.

   Then 0.12 miles — 21.50 total miles

6. 2120 Midlands Ct, Sycamore, IL 60178-3172, 2120 MIDLANDS CT is on the **right**.

   Your destination is at the end of Midlands Ct.

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Appendix 2

YOUR TRIP TO:

3811 Highland Ave

45 MIN | 22.3 MI

Est. fuel cost: $1.72

Trip time based on traffic conditions as of 4:47 PM on October 13, 2017. Current Traffic: Heavy

Midwest Center for Day Surgery

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 8.16 miles — 9.50 total miles

4. Turn **slight right** onto ramp.

   Then 0.15 miles — 9.65 total miles

5. Turn **right** onto S Neltnor Blvd/IL-59.

   If you are on IL-59 and reach Dayton St you've gone about 0.1 miles too far.

   Then 0.19 miles — 9.84 total miles

6. Turn **left** onto Garys Mill Rd.

   Garys Mill Rd is 0.1 miles past Carriage Dr.

   If you are on State Route 59 and reach E Wilson St you've gone about 0.1 miles too far.

   Then 0.41 miles — 10.25 total miles

7. Take the 1st **right** onto Purnell Rd.

   Purnell Rd is just past Orchard Ct.

   If you reach Roosevelt Rd you've gone about 0.2 miles too far.

   Then 1.31 miles — 11.56 total miles

8. Turn **right** onto Winfield Rd/County Hwy-13.

   Then 0.93 miles — 12.49 total miles

Appendix 2

9. Take the 3rd **left** onto Butterfield Rd/IL-56.

Butterfield Rd is 0.1 miles past Hoy Rd.

If you reach Illinois Prairie Path you've gone a little too far.

Then 7.82 miles — 20.31 total miles

10. Turn **slight right** onto ramp.

Then 0.24 miles — 20.56 total miles

11. Keep **right** at the fork in the ramp.

Then 0.11 miles — 20.67 total miles

12. Turn **right** onto County Hwy-9/Highland Ave.

Then 1.28 miles — 21.94 total miles

13. Turn **left** onto 39th St.

39th St is 0.1 miles past Good Samaritan Hospital.

If you are on Main St and reach Herbert St you've gone a little too far.

Then 0.16 miles — 22.10 total miles

14. Take the 1st **left** onto Good Samaritan Hospital.

If you reach Elm St you've gone a little too far.

Then 0.15 miles — 22.25 total miles

15. Turn **left**.

0.1 miles past Good Samaritan Hospital.

Then 0.03 miles — 22.28 total miles

16. 3811 Highland Ave, Downers Grove, IL 60515-1555, 3811 HIGHLAND AVE.

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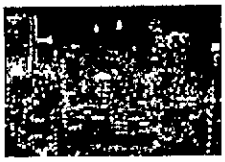

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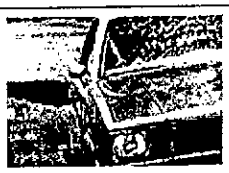

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Appendix 2

YOUR TRIP TO:

1243 Rickert Dr

42 MIN | 18.5 MI

Est. fuel cost: $2.00

Trip time based on traffic conditions as of 4:49 PM on October 13, 2017. Current Traffic: Heavy

Midwest Endoscopy Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you ere on E Roosevelt Rd and reach Bishop St you've gone ebout 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 2.97 miles — 12.95 total miles

6. Turn **left** onto Ferry Rd.

   Ferry Rd is 0.4 miles past Estes St.

   If you reach Odyssey Ave you've gone a little too far.

   Then 0.81 miles — 13.76 total miles

7. Turn **right** onto Raymond Dr/County Hwy-1.

   Raymond Dr is 0.5 miles past Comfort Dr.

   If you reach Old River Rd you've gone a little too far.

   Then 1.92 miles — 15.67 total miles

Appendix 2

8. Raymond Dr/County Hwy-1 becomes US-34 W/W Ogden Ave.

Than 1.46 miles 17.13 total miles

9. Turn left onto Rickert Dr.

Rickert Dr is 0.1 miles past Feldott Ln.

If you are on US-34 W and reach Fort Hill Dr you've gone about 0.4 miles too far.

Then 1.37 miles 18.50 total miles

10. 1243 Rickert Dr, Naperville, IL 60540-0954, 1243 RICKERT DR.

Your destination is just past S River Rd.

If you reach S West St you've gone about 0.1 miles too far.

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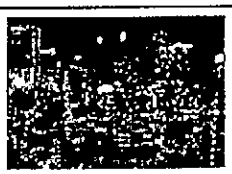

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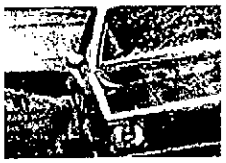

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Appendix 2

YOUR TRIP TO:

1175 E Diehl Rd

35 MIN | 17.9 MI

Est. fuel cost: $1.93

Trip time based on traffic conditions as of 4:50 PM on October 13, 2017. Current Traffic: Heavy

Neperville Fertility Clinic

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 3.44 miles — 13.42 total miles

6. Turn **slight left** to take the **I-88 E** ramp.

   Then 0.06 miles — 13.47 total miles

7. Merge onto I-88 E/Chicago-Kansas City Expressway E/Ronald Reagan Memorial Tollway E via the ramp on the left toward I-88 E (Portions toll).

   Then 3.63 miles — 17.10 total miles

8. Take the exit toward **Naperville Rd**.

   Then 0.42 miles — 17.52 total miles

9. Merge onto Freedom Dr.

   Then 0.28 miles — 17.80 total miles

Appendix 2

10. Turn right onto E Diehl Rd.

E Diehl Rd is 0.1 miles past Independence Ave.

Then 0.12 miles

17.92 total miles

11. 1175 E Diehl Rd, Naperville, IL 60563-1487, 1175 E DIEHL RD is on the right.

If you reach Legacy Cir you've gone a little too far.

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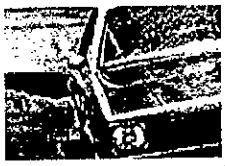

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Appendix 2

YOUR TRIP TO:

1263 Rickert Dr

42 MIN | 18.6 MI

Est. fuel cost: $2.01

Trip time based on traffic conditions as of 4:50 PM on October 13, 2017. Current Traffic: Heavy

Naperville Surgical Centre

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you'va gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 2.97 miles — 12.95 total miles

6. Turn **left** onto Ferry Rd.

   Ferry Rd is 0.4 miles past Estes St.

   If you reach Odyssey Ave you've gone a little too far.

   Then 0.81 miles — 13.76 total miles

7. Turn **right** onto Raymond Dr/County Hwy-1.

   Raymond Dr is 0.5 miles past Comfort Dr.

   If you reach Old River Rd you've gone a little too far.

   Then 1.92 miles — 15.67 total miles

Appendix 2

8. Raymond Dr/County Hwy-1 becomes US-34 W/W Ogden Ave.

Then 1.46 miles 17.13 total miles

9. Turn left onto Rickert Dr.

Rickert Dr is 0.1 miles past Feldott Ln.

If you are on US-34 W and reach Fort Hill Dr you've gone about 0.4 miles too far.

Then 1.46 miles 18.60 total miles

10. 1263 Rickert Dr, Naperville, IL 60540-0954, 1263 RICKERT DR is on the **right.**

Your destination is 0.1 miles past S River Rd.

If you reach S West St you've gone a little too far.

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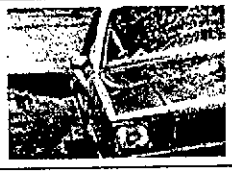

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Appendix 2

YOUR TRIP TO:

675 W Kirchhoff Rd

45 MIN | 31.8 MI

Est. fuel cost: $2.45

Trip time based on traffic conditions as of 4:51 PM on October 13, 2017. Current Traffic: Moderate

Northwest Community Day Surgery

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles
2. Turn **left** onto Randall Rd.
   Then 11.27 miles — 11.46 total miles
3. Merge onto I-90 E/Jane Addams Memorial Tollway E toward **Chicago** (Portions toll).
   Then 14.96 miles — 26.41 total miles
4. Take EXIT 68A-B toward **IL-53/West Suburbs/I-290/Chicago**.
   Then 0.58 miles — 27.00 total miles
5. Keep **left** to take the **IL-53 N** ramp toward **Northwest Suburbs**.
   Then 0.93 miles — 27.92 total miles
6. Merge onto IL-53 N via the ramp on the **left**.
   Then 1.33 miles — 29.25 total miles
7. Take the **Kirchoff Rd** exit.
   Then 0.35 miles — 29.60 total miles
8. Turn **slight right** onto Kirchoff Rd.
   Then 1.35 miles — 30.96 total miles
9. Turn **right** to stay on Kirchoff Rd.
   Kirchoff Rd is just past Dove St.
   Then 0.12 miles — 31.08 total miles
10. Take the 1st **left** onto W Kirchhoff Rd.
    If you are on S New Wilke Rd and reach W Orchard Pl you've gone about 0.3 miles too far.
    Then 0.71 miles — 31.79 total miles

Appendix 2

11. 675 W Kirchhoff Rd, Arlington Heights, IL 60005-2371, 675 W KIRCHHOFF RD is on the **right**.

Your destination is just past S Fernandez Ave.

If you reach S Ridge Ave you've gone a little too far.

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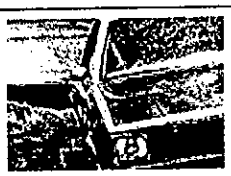

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Appendix 2

YOUR TRIP TO:

800 W Central Rd

41 MIN | 30.9 MI

Est. fuel cost: $2.38

Trip time based on traffic conditions as of 4:51 PM on October 13, 2017. Current Traffic: Light

Northwest Community Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles
2. Turn **left** onto Randall Rd.
   Then 11.27 miles — 11.46 total miles
3. Merge onto I-90 E/Jane Addams Memorial Tollway E toward Chicago (Portions toll) (Electronic toll collection only).
   Then 14.96 miles — 26.41 total miles
4. Take EXIT 68A-B toward **IL-53/West Suburbs/I-290/Chicago**.
   Then 0.58 miles — 26.99 total miles
5. Keep **left** to take the **IL-53 N** ramp toward **Northwest Suburbs**.
   Then 0.93 miles — 27.92 total miles
6. Keep **left** at the fork in the ramp.
   Then 0.35 miles — 28.27 total miles
7. Keep **right** to take the **IL-62/Algonquin Rd** ramp.
   Then 0.32 miles — 28.60 total miles
8. Turn **left** onto Algonquin Rd/IL-62.
   Then 0.34 miles — 28.94 total miles
9. Turn **left** onto Barker Ave.
   Berker Ave is 0.1 miles past Tollview Dr.

   If you reach Newport Dr you've gone a little too fer.

   Then 0.41 miles — 29.35 total miles
10. Turn **right** onto Central Rd.
    Then 1.30 miles — 30.65 total miles

Appendix 2

11. Turn **left**.

0.2 miles past S Dwyer Ave.

If you reach S Fernandez Ave you've gone about 0.1 miles too far.

Then 0.10 miles 30.75 total miles

12. Turn **right**.

If you reach W Kirchhoff Rd you've gone about 0.1 miles too far.

Then 0.04 miles 30.79 total miles

13. Turn **right**.

Then 0.05 miles 30.85 total miles

14. Turn **left**.

Then 0.01 miles 30.86 total miles

15. Turn **right**.

Then 0.01 miles 30.87 total miles

16. 800 W Central Rd, Arlington Heights, IL 60005-2349, 800 W CENTRAL RD.

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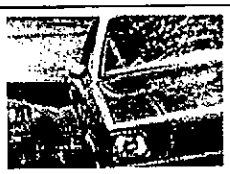

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Appendix 2

YOUR TRIP TO:

1415 S Arlington Heights Rd

38 MIN | 31.5 MI

Est. fuel cost: $2.43

Trip time based on traffic conditions as of 4:52 PM on October 13, 2017. Current Traffic: Light

Northwest Endoscopy Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles
2. Turn **left** onto Randall Rd.
   Then 11.27 miles — 11.46 total miles
3. Merge onto I-90 E/Jane Addams Memorial **Tollway** E toward **Chicago** (Portions toll) (Electronic toll collection only).
   Then 18.30 miles — 29.76 total miles
4. Take the **Arlington Hts Road** exit, EXIT 70.
   Then 0.41 miles — 30.16 total miles
5. Keep **left** to take the ramp toward **Arlington Hts**.
   Then 0.02 miles — 30.18 total miles
6. Turn **left** onto S Arlington Heights Rd.
   Then 1.35 miles — 31.53 total miles
7. 1415 S Arlington Heights Rd, Arlington Heights, IL 60005-3765, 1415 S ARLINGTON HEIGHTS RD is on the **right**.
   Your destination is 0.1 miles past E Emerson St.

   If you reach E Noyes St you've gone a little too far.

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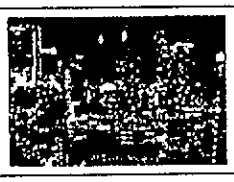
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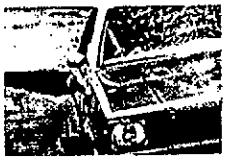
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Appendix 2

YOUR TRIP TO:

1100 W Central Rd

45 MIN | 31.1 MI

Est. fuel cost: $2.40

Trip time based on traffic conditions as of 4:53 PM on October 13, 2017. Current Traffic: Moderate

Northwest Surgicare

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.
   Then 0.19 miles — 0.19 total miles
2. Turn **left** onto Randall Rd.
   Then 11.27 miles — 11.46 total miles
3. Merge onto I-90 E/Jane Addams Mamorial Tollway E toward **Chicago** (Portions toll).
   Then 14.96 miles — 26.41 total miles
4. Take EXIT 68A-B toward **IL-53/West Suburbs/I-290/Chicago**.
   Then 0.58 miles — 27.00 total miles
5. Keep **left** to take the **IL-53 N** ramp toward **Northwest Suburbs**.
   Then 0.93 miles — 27.92 total miles
6. Keep **left** at the fork in the ramp.
   Then 0.35 miles — 28.28 total miles
7. Keep **right** to take the **IL-62/Algonquin Rd** ramp.
   Then 0.32 miles — 28.60 total miles
8. Turn **left** onto Algonquin Rd/IL-62.
   Then 1.23 miles — 29.83 total miles
9. Turn **left** onto S New Wilke Rd.
   If you reach IL-62 you've gone about 0.2 miles too far.
   Then 0.68 miles — 30.52 total miles
10. Turn **right** onto W Central Rd.
    W Central Rd is 0.4 miles past W White Oak St.
    If you reach W Orchard Pl you've gone a little too far.
    Then 0.50 miles — 31.02 total miles

Appendix 2

11. Make a **U-turn** onto W Central Rd.

Then 0.09 miles 31.11 total miles

12. 1100 W Central Rd, Arlington Heights, IL 60005-2401, 1100 W CENTRAL RD is on the **right**.

Your destination is just past W Central Rd.

If you reach S Dwyer Ave you've gone about 0.1 miles too far.

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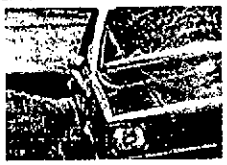

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Appendix 2

YOUR TRIP TO:

Northwestern Medicine Kishwaukee Hospital

31 MIN | 22.7 MI

Est. fuel cost: $1.75

Trip time based on traffic conditions as of 9:15 AM on October 17, 2017. Current Traffic: Moderate

Northwestern Kishwaukee Hospital

1. Start out going **northwest** on Dean St/County Hwy-53 toward Bittersweet Rd.

   Then 1.93 miles — 1.93 total miles

2. Turn **right** onto State Route 64/IL-64.

   State Route 64 is just past Dean Ln.

   If you are on Arbor Creek Rd and reach Wyngate Rd you've gone a little too far.

   Then 12.31 miles — 14.25 total miles

3. Turn **left** onto E County Line Rd/County Hwy-1.

   E County Line Rd is 0.5 miles past McGough Rd.

   If you are on E State St and reach Larson Rd you've gone about 0.6 miles too far.

   Then 1.27 miles — 15.52 total miles

4. Turn **right** onto Barber Greene Rd.

   Barber Greene Rd is just past Peterson Rd.

   If you reach Winters Rd you've gone about 0.9 miles too far.

   Then 6.43 miles — 21.94 total miles

5. Turn **right** onto Sycamore Rd/IL-23. Continue to follow IL-23.

   Then 0.66 miles — 22.60 total miles

6. Turn **left** onto Kish Hospital Dr.

   Kish Hospital Dr is 0.2 miles past Oakland Dr.

   If you reach Bethany Rd you've gone about 0.2 miles too far.

   Then 0.11 miles — 22.71 total miles

7. Northwestern Medicine Kishwaukee Hospital, 1 KISH HOSPITAL DRIVE is on the left.

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Appendix 2

YOUR TRIP TO:

1302 N Main St, Sandwich, IL, 60548

45 MIN | 29.4 MI

Est. fuel cost: $2.27

Trip time based on traffic conditions as of 4:55 PM on October 13, 2017. Current Traffic: Moderate

Northwestern Valley West Hospital

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.
   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.
   Then 6.97 miles — 7.15 total miles

3. Turn **right** onto N Orchard Rd/County Hwy-83.
   N Orchard Rd is 0.4 miles past Heritage Dr.

   If you are on N Randall Rd and reach Kilbery Ln you've gone about 0.1 miles too far.

   Then 2.39 miles — 9.54 total miles

4. Merge onto I-88 W/Chicago-Kansas City Expressway W/IL-56 W/Ronald Reagan Memorial Tollway W via the ramp on the **left** toward **DeKalb** (Portions toll).
   Then 0.95 miles — 10.49 total miles

5. Merge onto IL-56 W toward **US-30/IL-47/Sugar Grove** (Portions toll).
   Then 4.22 miles — 14.71 total miles

6. Stay **straight** to go onto US-30 W/US Highway 30.
   Then 2.37 miles — 17.07 total miles

7. Turn **left** onto Dugan Rd.
   Then 0.15 miles — 17.22 total miles

8. Enter next roundabout and take the 1st exit onto Granart Rd.
   Then 5.44 miles — 22.66 total miles

9. Granart Rd **becomes** Little Rock Rd.
   Then 0.10 miles — 22.76 total miles

10. Turn **right** onto Galena Rd/County Hwy-9.
    Then 1.73 miles — 24.48 total miles

Appendix 2

11. Galena Rd/County Hwy-9 becomes Chicago Rd.

Then 0.51 miles 24.99 total miles

12. Turn **left** onto E Sandwich Rd.

If you reach W Sandwich Rd you've gone about 1.5 miles too far.

Then 3.20 miles 28.19 total miles

13. E Sandwich Rd becomes N Latham St.

Then 0.66 miles 28.85 total miles

14. Turn **right** onto E Pleasant Ave.

E Pleasant Ave is just past E Knights Rd.

If you reach E Arnold St you've gone a little too far.

Then 0.50 miles 29.35 total miles

15. Turn **right** onto N Main St.

N Main St is 0.2 miles past Dekalb St.

If you are on W Pleasant Ava and reach Spruce St you've gone about 0.2 miles too far.

Then 0.05 miles 29.39 total miles

16. 1302 N Main St, Sandwich, IL 60548, 1302 N MAIN ST is on the **right**.

If you reach W Knights Rd you've gone a little too far.

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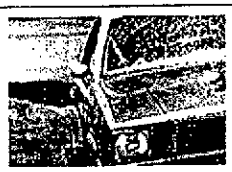

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Appendix 2

YOUR TRIP TO:

2425 W 22nd St, Oak Brook, IL, 60523-1204

46 MIN | 22.5 MI

Est. fuel cost: $1.73

Trip time based on traffic conditions as of 4:55 PM on October 13, 2017. Current Traffic: Heavy

The Oak Brook Surgical Centre

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 8.16 miles — 9.50 total miles

4. Turn **slight right** onto ramp.

   Then 0.15 miles — 9.65 total miles

5. Turn **right** onto S Neltnor Blvd/IL-59.

   If you are on IL-59 and reach Dayton St you've gone about 0.1 miles too far.

   Then 0.19 miles — 9.84 total miles

6. Turn **left** onto Garys Mill Rd.

   Garys Mill Rd is 0.1 miles past Carriage Dr.

   If you are on State Route 59 and reach E Wilson St you've gone about 0.1 miles too far.

   Then 0.41 miles — 10.25 total miles

7. Take the 1st **right** onto Purnell Rd.

   Purnell Rd is just past Orchard Ct.

   If you reach Roosevelt Rd you've gone about 0.2 miles too far.

   Then 1.31 miles — 11.56 total miles

8. Turn **right** onto Winfield Rd/County Hwy-13.

   Then 0.93 miles — 12.49 total miles

Appendix 2

9. Take the 3rd left onto Butterfield Rd/IL-56. Continue to follow IL-56.

IL-56 is 0.1 miles past Hoy Rd.

If you reach Illinois Prairie Path you've gone a little too far.

Then 9.79 miles 22.29 total miles

10. IL-56 becomes 22nd St.

Then 0.24 miles 22.53 total miles

11. 2425 W 22nd St, Oak Brook, IL 60523-1204, 2425 W 22ND ST is on the right.

If you reach Tower Dr you've gone a little too far.

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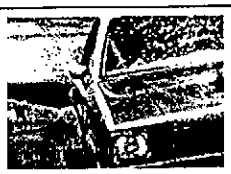

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Appendix 2

YOUR TRIP TO:

1325 N Highland Ave

26 MIN | 11.0 MI

Est. fuel cost: $1.17

Trip time based on traffic conditions as of 4:56 PM on October 13, 2017. Current Traffic: Heavy

Presence Mercy Medical Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 6.98 miles — 7.16 total miles

3. Turn **left** onto Mooseheart Rd/County Hwy-71.

   Mooseheart Rd is just past N Orchard Rd.

   If you are on N Randall Rd and reach Kilbery Ln you've gone about 0.1 miles too far.

   Then 0.99 miles — 8.15 total miles

4. Turn **right** onto N Lincolnway/IL-31. Continue to follow IL-31.

   Then 2.18 miles — 10.33 total miles

5. Turn **right**.

   0.1 miles past Sullivan Rd.

   If you reach W Indian Trl you've gone about 0.4 miles too far.

   Then 0.46 miles — 10.79 total miles

6. Turn **left**.

   0.2 miles past Mercy Ln.

   If you reach Mercy Ln you've gone a little too far.

   Then 0.05 miles — 10.85 total miles

7. Take the 1st **right**.

   Then 0.04 miles — 10.88 total miles

8. Turn **left**.

   If you reach Mercy Ln you've gone a little too far.

   Then 0.09 miles — 10.97 total miles

Appendix 2

9. Turn **left**.

Then 0.02 miles — 10.99 total miles

10. Turn **left**.

Then 0.01 miles — 11.00 total miles

11. 1325 N Highland Ave, Aurora, IL 60506-1449, 1325 N HIGHLAND AVE.

If you are on Mercy Ln and reach New Indian Trail Ct you've gone about 0.1 miles too far.

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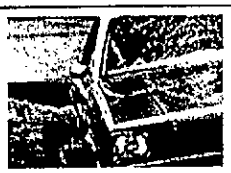

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Appendix 2

YOUR TRIP TO:

77 N Airlite St

15 MIN | 9.3 MI

Est. fuel cost: $0.99

Trip time based on traffic conditions as of 4:56 PM on October 13, 2017. Current Traffic: Heavy

Prasence Saint Joseph Hospital - Elgin

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 8.19 miles — 8.37 total miles

3. Turn **right** onto Foothill Rd.

   Foothill Rd is 0.3 miles past Weld Rd.

   If you are on Randall Rd and reach Win Haven Dr you've gone about 0.1 miles too far.

   Then 0.67 miles — 9.05 total miles

4. Turn **left** onto N Airlite St.

   Then 0.27 miles — 9.32 total miles

5. 77 N Airlite St, Elgin, IL 60123-4912, 77 N AIRLITE ST is on the **right**.

   Your destination is just past Provena Dr.

   If you reach Lin Lor Ln you've gone a little too far.

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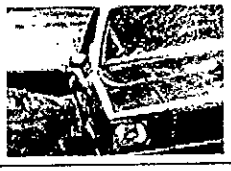

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Appendix 2

YOUR TRIP TO:

2011 York Rd

53 MIN | 29.7 MI

Est. fuel cost: $2.25

Trip time based on traffic conditions as of 4:57 PM on October 13, 2017. Current Traffic: Heavy

Rush Oak Brook Surgery Center

1. Start out going southeast on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn right onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn left onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn right onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn right onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 3.44 miles — 13.42 total miles

6. Turn slight left to take the I-88 E ramp.

   Then 0.06 miles — 13.47 total miles

7. Merge onto I-88 E/Chicago-Kansas City Expressway E/Ronald Reagan Memorial Tollway E via the ramp on the left toward I-88 E (Portions toll).

   Then 15.16 miles — 28.63 total miles

8. Keep right to take I-294 S toward Indiana (Portions toll).

   Then 0.35 miles — 28.99 total miles

9. Take the York Rd exit.

   Then 0.24 miles — 29.23 total miles

Appendix 2

10. Turn **left** onto York Rd.

Then 0.27 miles 29.50 total miles

11. Make a **U-turn** at W 22nd St onto York Rd.

Then 0.24 miles 29.74 total miles

12. 2011 York Rd, Oak Brook, IL 60523, 2011 YORK RD is on the **right**.

Your destination is just past Clearwater Dr.

If you reach Wood Glen Ln you've gone about 0.3 miles too far.

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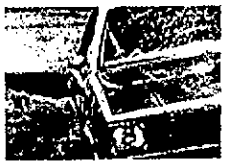

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Appendix 2

YOUR TRIP TO:

2000 Ogden Ave, Aurora, IL, 60504-7222

46 MIN | 17.6 MI

Est. fuel cost: $1.87

Trip time based on traffic conditions as of 4:58 PM on October 13, 2017. Current Traffic: Heavy

Rush-Copley Medical Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 10.82 miles — 11.00 total miles

3. Turn **left** onto W Galena Blvd.

   W Galena Blvd is 0.1 miles past Randall Ct.

   If you are on S Randall Rd and reach W Downer Pl you've gone a little too far.

   Then 3.30 miles — 14.30 total miles

4. Stay **straight** to go onto Hill Ave.

   Then 1.36 miles — 15.66 total miles

5. Turn **left** onto Montgomery Rd.

   Montgomery Rd is 0.3 miles past Binder St.

   Then 1.42 miles — 17.08 total miles

6. Turn **right** onto Ogden Ave/US-34 W.

   Ogden Ave is 0.1 miles past Walcott Rd.

   If you reach Highfield Ct you've gone a little too far.

   Then 0.56 miles — 17.65 total miles

7. 2000 Ogden Ave, Aurora, IL 60504-7222, 2000 OGDEN AVE is on the **right**.

   Your destination is just past Pointe Blvd.

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Appendix 2

YOUR TRIP TO:

530 N Cass Ava

51 MIN | 25.9 MI

Est. fuel cost: $1.96

Trip time based on traffic conditions as of 4:58 PM on October 13, 2017. Current Traffic: Heavy

Salt Creek Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow **IL-38**.

   IL-38 is 0.1 miles past Prairie St.

   Then 7.72 miles — 9.05 total miles

4. Turn **right** onto Joliet St.

   Joliet St is 0.3 miles past Pearl Rd.

   If you are on E Roosevelt Rd and reach Bishop St you've gone about 0.2 miles too far.

   Then 0.92 miles — 9.98 total miles

5. Turn **right** onto State Route 59/IL-59.

   State Route 59 is 0.3 miles past Wilson St.

   Then 3.44 miles — 13.42 total miles

6. Turn **slight left** to take the **I-88 E** ramp.

   Then 0.06 miles — 13.47 total miles

7. Merge onto I-88 E/Chicago-Kansas City Expressway E/Ronald Reagan Memorial Tollway E via the ramp on the **left** toward **I-88 E** (Portions toll).

   Then 7.49 miles — 20.96 total miles

8. Take the **I-355 S** exit toward **Tollway/Joliet**.

   Then 0.27 miles — 21.23 total miles

9. Keep right to take the **US-34/Ogden Ave** ramp.

   Then 0.39 miles — 21.62 total miles

Appendix 2

EXIT **10.** Keep **left** to take the ramp toward **Downers Grove/TOLLWAY ADM STATE POLICE/BUSINESS CENTER.**

Then 0.02 miles — 21.64 total miles

11. Turn **left** onto US-34 E/Ogden Ave.

Then 4.22 miles — 25.86 total miles

12. Turn **right** onto N Cass Ave.

N Cass Ave is just past N Lincoln St.

If you are on E Ogden Ave and reach N Warwick Ave you've gone about 0.1 miles too far.

Then 0.04 miles — 25.90 total miles

13. 530 N Cass Ave, Westmont, IL 60559-1503, 530 N CASS AVE.

If you reach E Traube Ave you've gone about 0.1 miles too far.

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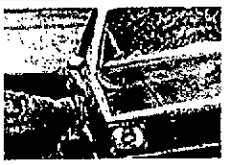

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Appendix 2

YOUR TRIP TO:

929 W Higgins Rd

35 MIN | 21.0 MI

Est. fuel cost: $1.59

Trip time based on traffic conditions as of 4:59 PM on October 13, 2017. Current Traffic: Moderate

Schaumburg Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 3.51 miles — 3.70 total miles

3. Turn **right** onto Silver Glen Rd.

   Silver Glen Rd is 0.8 miles past Ridgewood Dr.

   Then 0.93 miles — 4.62 total miles

4. Turn **left** onto State Route 31/IL-31. Continue to follow IL-31.

   Then 0.72 miles — 5.34 total miles

5. Take the 2nd **left** onto S McLean Blvd.

   S McLean Blvd is 0.4 miles past Sims Ln.

   If you are on State Route 31 and reach Scott Ave you've gone about 0.2 miles too far.

   Then 0.19 miles — 5.53 total miles

6. Take the 1st **right** onto County Hwy-37/Stearns Rd.

   If you reach S Lancaster Cir you've gone about 0.1 miles too far.

   Then 1.87 miles — 7.40 total miles

7. Turn **left** onto Stearns Rd/IL-25/County Hwy-37.

   Then 0.73 miles — 8.13 total miles

8. Turn **left** onto State Route 25/IL-25.

   State Route 25 is 0.4 miles past S Gilbert St.

   If you are on County Hwy-37 and reach Old Stearns Rd you've gone about 0.3 miles too far.

   Then 1.10 miles — 9.23 total miles

Appendix 2

9. Turn **right** onto W Bartlett Rd.
W Bartlett Rd is 0.2 miles past Southwind Blvd.

Then 3.14 miles — 12.37 total miles

10. Turn **left** onto State Route 59/IL-59. Continue to follow State Route 59.
State Route 59 is 0.2 miles past Cheviot Dr.

If you reach S Park Place Dr you've gone about 0.1 miles too far.

Then 1.74 miles — 14.12 total miles

11. State Route 59 becomes S Sutton Rd/IL-59.

Then 1.91 miles — 16.02 total miles

12. Turn **right** onto Golf Rd/IL-58.
Golf Rd is 0.1 miles past Bode Rd.

If you are on Sutton Rd and reach Magnolia Ln you've gone about 0.4 miles too far.

Then 4.44 miles — 20.46 total miles

13. Turn **left** onto Gannon Dr.
Gannon Dr is 0.1 miles past Fairmont Rd.

If you reach Stonehedge Dr you've gone about 0.1 miles too far.

Then 0.24 miles — 20.71 total miles

14. Take the 1st **right** onto W Higgins Rd/IL-72.

Then 0.28 miles — 20.99 total miles

15. 929 W Higgins Rd, Schaumburg, IL 60195-3203, 929 W HIGGINS RD is on the **right**.
If you reach Churchill Rd you've gone a little too far.

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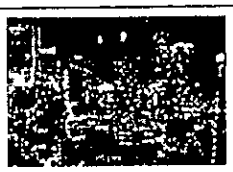
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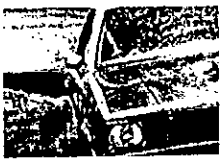
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Appendix 2

YOUR TRIP TO:

1555 Barrington Rd

31 MIN | 19.0 MI

Est. fuel cost: $2.01

Trip time based on traffic conditions as of 4:58 PM on October 13, 2017. Current Traffic: Moderate

St. Alexius Medical Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward N Randall Rd.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 3.51 miles — 3.70 total miles

3. Turn **right** onto Silver Glen Rd.

   Silver Glen Rd is 0.8 miles pest Ridgewood Dr.

   Then 0.93 miles — 4.62 total miles

4. Turn **left** onto State Route 31/IL-31. Continue to follow IL-31.

   Then 0.72 miles — 5.34 total miles

5. Take the 2nd **left** onto S McLean Blvd.

   S McLean Blvd is 0.4 miles past Sims Ln.

   If you are on State Route 31 and reach Scott Ave you'va gone about 0.2 miles too far.

   Then 0.19 miles — 5.53 total miles

6. Take the 1st **right** onto County Hwy-37/Stearns Rd.

   If you reach S Lancaster Cir you've gone about 0.1 miles too far.

   Then 1.87 miles — 7.40 total miles

7. Turn **left** onto Stearns Rd/IL-25/County Hwy-37.

   Then 0.73 miles — 8.13 total miles

8. Turn **left** onto State Route 25/IL-25.

   State Route 25 is 0.4 miles past S Gilbert St.

   If you are on County Hwy-37 and reach Old Steerns Rd you've gone about 0.3 miles too far.

   Then 1.10 miles — 9.23 total miles

Appendix 2

9. Turn **right** onto W Bartlett Rd.
W Bartlett Rd is 0.2 miles past Southwind Blvd.

Then 3.14 miles — 12.37 total miles

10. Turn **left** onto State Route 59/IL-59. Continue to follow State Route 59.
State Route 59 is 0.2 miles past Cheviot Dr.

If you reach S Park Place Dr you've gone about 0.1 miles too far.

Then 1.74 miles — 14.12 total miles

11. State Route 59 becomes S Sutton Rd/IL-59.

Then 1.91 miles — 16.02 total miles

12. Turn **right** onto Golf Rd/IL-58.
Golf Rd is 0.1 miles past Bode Rd.

If you are on Sutton Rd and reach Magnolia Ln you've gone about 0.4 miles too far.

Then 2.54 miles — 18.57 total miles

13. Turn **left** onto Barrington Rd.
If you reach N Knollwood Dr you've gone about 0.3 miles too far.

Then 0.41 miles — 18.98 total miles

14. 1555 Barrington Rd, Hoffman Estates, IL 60169-1018, 1555 BARRINGTON RD is on the **right**.
Your destination is just past W Higgins Rd.

If you reach Old Higgins Rd you've gone about 0.3 miles too far.

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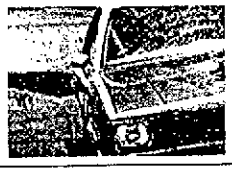
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Appendix 2

YOUR TRIP TO:

475 E Diehl Rd

35 MIN | 16.8 MI

Est. fuel cost: $1.78

Trip time based on traffic conditions as of 5:00 PM on October 13, 2017. Current Traffic: Heavy

The Center for Surgery

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.

   Then 0.18 miles — 0.18 total miles

2. Turn **right** onto N Randall Rd.

   Then 1.16 miles — 1.34 total miles

3. Turn **left** onto Lincoln Hwy/IL-38. Continue to follow IL-38.

   IL-38 is 0.1 miles past Prairie St.

   Then 10.09 miles — 11.42 total miles

4. Turn **right** onto Winfield Rd/County Hwy-13.

   Winfield Rd is 0.1 miles past Normandy Woods Dr.

   If you reach Grant St you've gone about 0.1 miles too far.

   Then 2.94 miles — 14.36 total miles

5. Turn **left** onto Warrenville Rd.

   Warrenville Rd is 0.1 miles past Jefferson St.

   If you reach McCormick Ln you've gone about 0.1 miles too far.

   Then 0.65 miles — 15.01 total miles

6. Warrenville Rd becomes Mill St/County Hwy-32.

   Then 0.80 miles — 15.81 total miles

7. Turn **left** onto W Diehl Rd.

   W Diehl Rd is 0.1 miles past Shuman Blvd.

   If you reach Commons Rd you've gone about 0.2 miles too far.

   Then 0.89 miles — 16.70 total miles

Appendix 2

8. Turn **left**.

0.1 miles past Washington Pointe.

If you reach Centre Point Cir you've gone about 0.1 miles too far.

Then 0.01 miles 16.71 total miles

9. Turn **left** onto E Diehl Rd.

Then 0.12 miles 16.83 total miles

10. 475 E Diehl Rd, Naperville, IL 60563-1353, 475 E DIEHL RD is on the **right**.

Your destination is just past Washington Pointe.

If you reach N Washington St you've gone a little too far.

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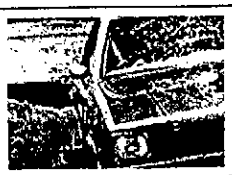

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Appendix 2

YOUR TRIP TO:

1595 Barrington Rd

31 MIN | 19.1 MI

Est. fuel cost: $2.02

Trip time based on traffic conditions as of 5:01 PM on October 13, 2017. Current Traffic: Moderate

Hoffman Estates Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53 toward **N Randall Rd**.

   Then 0.19 miles — 0.19 total miles

2. Turn **left** onto Randall Rd.

   Then 3.51 miles — 3.70 total miles

3. Turn **right** onto Silver Glen Rd.

   Silver Glen Rd is 0.8 miles past Ridgewood Dr.

   Then 0.93 miles — 4.62 total miles

4. Turn **left** onto State Route 31/IL-31. Continue to follow IL-31.

   Then 0.72 miles — 5.34 total miles

5. Take the 2nd **left** onto S McLean Blvd.

   S McLean Blvd is 0.4 miles past Sims Ln.

   If you are on State Route 31 and reach Scott Ave you've gone about 0.2 miles too far.

   Then 0.19 miles — 5.53 total miles

6. Take the 1st **right** onto County Hwy-37/Stearns Rd.

   If you reach S Lancaster Cir you've gone about 0.1 miles too far.

   Then 1.87 miles — 7.40 total miles

7. Turn **left** onto Stearns Rd/IL-25/County Hwy-37.

   Then 0.73 miles — 8.13 total miles

8. Turn **left** onto State Route 25/IL-25.

   State Route 25 is 0.4 miles past S Gilbert St.

   If you are on County Hwy-37 and reach Old Stearns Rd you've gone about 0.3 miles too far.

   Then 1.10 miles — 9.23 total miles

Appendix 2

9. Turn right onto W Bartlett Rd.
W Bartlett Rd is 0.2 miles past Southwind Blvd.

Then 3.14 miles 12.37 total miles

10. Turn left onto State Route 59/IL-59. Continue to follow State Route 59.
State Route 59 is 0.2 miles past Cheviot Dr.

If you reach S Park Place Dr you've gone about 0.1 miles too far.

Then 1.74 miles 14.12 total miles

11. State Route 59 becomes S Sutton Rd/IL-59.

Then 1.91 miles 16.02 total miles

12. Turn right onto Golf Rd/IL-58.
Golf Rd is 0.1 miles pest Bode Rd.

If you are on Sutton Rd and reach Magnolia Ln you've gone about 0.4 miles too far.

Then 2.54 miles 18.57 total miles

13. Turn left onto Barrington Rd.
If you reach N Knollwood Dr you've gone about 0.3 miles too far.

Then 0.53 miles 19.09 total miles

14. 1595 Barrington Rd, Hoffman Estates, IL 60169-1018, 1595 BARRINGTON RD is on the right.
Your destination is 0.1 miles past W Higgins Rd.

If you reach Old Higgins Rd you've gone about 0.1 miles too far.

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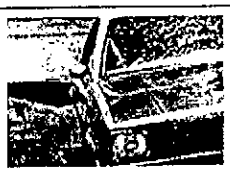
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Appendix 2

YOUR TRIP TO:

[300 - 300] Delnor Dr

6 MIN | 2.4 MI

Est. fuel cost: $0.25

Trip time based on traffic conditions as of 5:01 PM on October 13, 2017. Current Traffic: Heavy

Tri-Cities Surgery Center LLC

1. Start out going **southeast** on Dean St/County Hwy-53 toward Randall Rd.
   Then 0.18 miles — 0.18 total miles

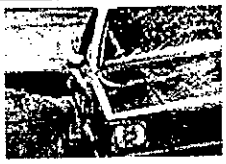
2. Turn **right** onto N Randall Rd.
   Then 1.95 miles — 2.13 total miles

3. Turn **right** onto Williamsburg Ave.
   Williamsburg Ave is 0.4 miles past Bricher Rd.
   If you reach Kaneville Rd you've gone about 0.5 miles too far.
   Then 0.12 miles — 2.24 total miles

4. Turn **left** onto Delnor Dr.
   If you reach Commons Dr you've gone a little too far.
   Then 0.15 miles — 2.39 total miles

5. [300 - 300] Delnor Dr, [300 - 300] DELNOR DR.
   If you reach Keslinger Rd you've gone about 0.3 miles too far.

Use of directions and maps is subject to our Terms of Use. We don't guarantee accuracy, route conditions or usability. You assume all risk of use.

Book a hotel tonight and save with some great deals!
(1-877-577-5766)

Car trouble mid-trip? MapQuest Roadside Assistance is here:
(1-888-461-3625)

Appendix 2

YOUR TRIP TO:

2210 Dean St

0.1 MI

Est. fuel cost: $0.01

Trip time based on traffic conditions as of 5:02 PM on October 13, 2017. Current Traffic: Light

Valley Ambulatory Surgery Center

1. Start out going **southeast** on Dean St/County Hwy-53.

   Then 0.13 miles — 0.13 total miles

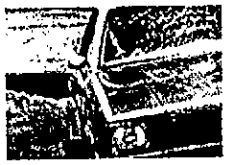
2. 2210 Dean St, Saint Charles, IL 60175-1032, 2210 DEAN ST is on the **left**.

If you reach N Randall Rd you've gone a little too far.

Use of directions and maps is subject to our Terms of Use. We don't guarantee accuracy, route conditions or usability. You assume all risk of use.

Book a hotel tonight and save with some great deals!

(1-877-577-5766)



Car trouble mid-trip? MapQuest Roadside Assistance is here:

(1-888-461-3625)

Appendix 2

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-37576

Surgery Partners, Inc.

(Exact name of registrant as specified in its charter)

Delaware	47-3620923
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
(Address of principal executive offices and zip code)
(615) 234-5900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Exchange on Which Registered
Common Stock, par value $0.01 per share	NASDAQ Global Select Market

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Appendix 3

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant based on the closing price of the shares of common stock on The NASDAQ Stock Market on June 30, 2016, was $255.7 million.

As of March 9, 2017, there were 48,625,166 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting to be held May 2, 2017 are incorporated by reference into Part III of this report.

Appendix 3

SURGERY PARTNERS, INC.
FORM 10-K
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Appendix 3

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Fonn 10-K contains forward-looking statements based on aur current expectations, estimates and assumptions about future events. All statements other than statements of current or histarical fact contained in this report, including statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-lauking statements. The words "anticipate," "believe," "continuc," "estimate," "expect," "intend," "may," "plan," "will" and similar expressions are generally intended to identify forward-looking statements.

These forward-looking statements involve various risks and uncertainties, some of which are beyond our control. Any or all of our fnrward-looking statements in this repart may turn out to be wrong. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, resulu of operations, business strategy and financial needs. They can be affected by inaccurate assumptions we might make or by known or unknown risks, uncertainties and assumptions, including the risks, uncertainties and assumptians described in Item 1A. "Risk Factors."

In light of these risks, uncertaintics and assumptions, the forward-looking events and circumstances discussed in this report may not occur and actual resulis could differ materially from those anticipated or implied in the forward-looking statements. When you consider these forward-looking statements, you should keep in mind these risk factors ond other cautionary statements in this report.

Our farward-looking statements speak only as of the date made. Other than as required by law, we undertake no obligation to publicly update or revise any farward-loaking statements, whether as a resuh of new information, future events or otherwise.

The facilities, operations and businesses described in this Report are owned and operated, and management services provided, by distinct and indirect subsidiaries of Surgery Partners, Inc.

PART 1

Item 1. Business

Overview

We are a leading healthcare services company with a differentiated outpatient delivery model focused on providing high quality, cost effective solutions for surgical and related ancillary care in support of our patients and physicians. Founded in 2004 as a limited liability company, to own and operate ambulatory surgery centers ("ASCs"), provide anesthesia services, and operate physician practices, we expanded our business in 2011 by acquiring NovaMed, Inc. and in 2014, we acquired Symbion Holdings Corporation ("Symbion"). Further, we completed an initial public offering ("IPO") in October 2015. We are now one of the largest and fastest growing surgical services businesses in the country.

As of December 31, 2016, we owned or operated primarily in partnership with physicians, a portfolio of 104 surgical facilities comprised of 99 ASCs and five surgical hospitals ("surgical hospitals," and together with ASCs referred to as "surgical facilities" or "facilities") across 29 states and we owned a majority interest in 74 of these facilities. Additionally, approximately 73% of these facilities were multi-specialty focused. During 2016, over 4,000 physicians provided services to over 600,000 patients in our surgical facilities generating $1.0 billion in revenue.

Our innovative strategy provides a suite of targeted and complementary ancillary services in support of our patients and physicians. This suite of ancillary services is comprised of a diagnostic laboratory, multi-specialty physician practices, urgent care facilities, anesthesia services, optical services and specialty pharmacy services (our "ancillary services"). We believe this approach improves the quality of care provided to our patients, results in superior clinical outcomes and allows us to realize the revenue associated with these ancillary services that are otherwise outsourced to unrelated third-party providers.

Our patient- and physician-centric culture, our commitment to high quality care, our differentiated approach to physician engagement and our suite of complementary ancillary services have been instrumental to our growth. These areas of focus, along with investments in systems and processes, strategic acquisitions and favorable industry trends, have all contributed to our industry leading track record of growth.

Our Growth Strategies

Our differentiated operating model employs a multifaceted strategy to grow revenue, earnings and cash flow. We believe the following are key components to this strategy:

- Deliver outstanding patient care and clinical outcomes;
- Expand ancillary services across our national platform;
- Continue to execute and expand upon our physician engagement strategy in attractive markets;
- Drive organic growth at existing facilities through targeted physician recruitment, service line expansion and implementing our efficient operating model;
- Continue our disciplined acquisition strategy; and
- Introduce new service offerings to provide a more comprehensive continuum of care.

Industry Overview

Surgical Facilities

For many years, government programs, private insurance companies, managed care organizations and self-insured employers have implemented cost containment measures intended to limit the growth of healthcare expenditures. These cost-containment measures, together with technological advances, have contributed to the significant shift in the delivery of healthcare services away from traditional inpatient hospital settings to more cost effective surgical facilities, including ASCs and surgical hospitals. ASCs have been viewed as a successful way to increase efficiency by improving the quality of, and access to, healthcare and increasing patient satisfaction, while simultaneously reducing costs. Surgical hospitals are larger than a typical ASC and include inpatient hospital rooms and, in some cases, a limited scope emergency department. The offerings in a surgical hospital also include acute care services, such as diagnostic imaging, pharmacy, laboratory, obstetrics, physical therapy, oncology and wound care. As the focus on containing healthcare expenditures grows in response to the Affordable Care Act, surgical procedures are expected to continue to shift dramatically from inpatient to outpatient settings.

Increasing Demand for Surgical Procedures in Outpatient Settings

According to the Centers for Medicare and Medicaid Services ("CMS"), the percentage share of outpatient surgery has increased from 15% in 1985 to 77% in 2012. This shift has occurred for a variety of reasons, including an increase in the number of procedures that can be performed safely in an outpatient environment, the high quality outcomes at lower cost of the outpatient setting relative to the inpatient setting, patient preference due to increased convenience, physician preference due to increased efficiency, patient and payor preference due to the lower cost setting.

Advancements in Medical Technology

New technologies, faster acting and more effective anesthesia and less invasive surgical techniques have increased the number of procedures that can be performed in an ASC. Lasers, arthroscopy, enhanced endoscopic techniques and fiber optics have reduced the trauma and recovery time for patients. Advances in the use of anesthesia have shortened recovery time by minimizing postoperative side effects such as nausea and drowsiness. Procedures that only a few years ago required major incisions, long-acting anesthetics and extended convalescence can now be performed through closed techniques utilizing short-acting anesthetics and with minimal recovery time. Of these

new techniques and technologies, more complex surgical procedures that previously were performed only on an inpatient basis can now be performed in an ASC. Medicare, often the benchmark for other insurance plans, has approved approximately 3,400 procedures to be performed in a surgery center. We believe that ASCs are likely to receive continued regulatory support as more cost effective alternative surgical procedures can be performed in the ASC setting compared to the traditional, inpatient hospital setting.

Improved Outcomes and Convenience for Patients at Lower Costs

ASCs provide outstanding patient safety and superior clinical outcomes due to the focus and specialization of a center's professional staff. ASCs have lower rates of inpatient hospital admission, hospital-acquired infections and mortality than hospital-based outpatient surgery departments. Finally, ASCs often offer patients greater convenience than hospital outpatient departments with more convenient locations and ability to schedule surgery.

Compelling Value Proposition for Physicians

Many physicians prefer surgical facilities over general acute care hospitals because of greater scheduling flexibility, more consistent nurse staffing and faster turnaround times between cases, which allows physicians to increase the number of surgical procedures they can perform in a given period of time. Due to the non-emergency, elective nature of most ASC procedures, physicians' schedules are rarely interrupted, enabling physicians to more efficiently secure preferred blocks of time in the operating room. This is in contrast to acute care hospitals, where medical emergencies often demand the unplanned use of operating rooms and result in the postponement or delay of scheduled surgical procedures, disrupting physicians' practices and inconveniencing patients. Physicians are also increasingly interested in pursuing partnerships with other physicians in order to gain greater stability, access to sealed clinical and operating systems and a pathway to participating in new payment models. These partnerships help relieve physicians of the financial and administrative burdens resulting from uncertainty regarding reimbursement and healthcare legislation. In addition, our ancillary services provide support for our surgical specialists who are then relieved from the additional burden of coordinating third-party support services.

Reduced Costs for Payors

There has been an increased focus on controlling the growth of healthcare expenditures and as a result, cost containment measures have contributed to the significant shift in the delivery of healthcare services away from traditional inpatient hospitals to more cost effective alternate sites, including ASCs. Government programs, private insurance companies, managed care organizations and self-insured employers have implemented these cost containment measures to limit increases in healthcare expenditures, including procedure reimbursement. In addition, as patients are facing increased financial responsibility through higher co-pays and deductibles, there is increased consumerism as patients are encouraged to find more cost effective options for their healthcare. Surgery performed at an ASC is generally less expensive than hospital-based outpatient surgery because of lower facility development costs, more efficient staffing and space utilization, a specialized operating environment focused on quality of care and aligned incentives for physicians and ASCs to control costs and improve efficiency. A procedure in an ASC costs, on average, approximately 73% of what the same procedure costs when performed in a hospital surgery department, according to an Ambulatory Surgery Center Association analysis of 2014 Medicare fee schedules. These cost savings will continue to incentivize constituents across the healthcare continuum to shift the delivery of surgical procedures to ASCs.

Ancillary Services

A broad market of ancillary and related services facilitates operational efficiencies for physicians. In the areas of specialty where our physicians are focused, the associated ancillary services include a diagnostic laboratory, multi-specialty physician practices, urgent care facilities, anesthesia services, optical services and specialty pharmacy services. These industries represent approximately $127 billion of annual healthcare expenditures and provide a broad opportunity for us to expand our Ancillary Services outreach to support patients and physicians.

Operations

For more detailed financial information regarding our Company, see the consolidated financial statements and the accompanying notes, which are attached at Page F-1 to this Annual Report on Form 10-K. As described below, we have three reportable operating segments. Financial information regarding our reportable segments is found in Note 15 to our consolidated financial statements that are attached beginning on Page F-1 of this Annual Report on Form 10-K.

We operate in three lines of business throughout the United States: surgical facility services, ancillary services and optical services.

Surgical Facility Services Segment: Our surgical facility services segment consists of the operation of ASCs and surgical hospitals, and includes our anesthesia services. Our surgical facilities primarily provide non-emergency surgical procedures across many specialties, including, among others, GI, general surgery, ophthalmology, orthopedics, and pain management.

Ancillary Services Segment: Our ancillary services segment consists of a diagnostic laboratory, a specialty pharmacy and multi-specialty physician practices. These physician practices include our owned and operated physician practices pursuant to long-term management service agreements.

Optical Services Segment: Our optical services segment consists of an optical laboratory and an optical products group purchasing organization. Our optical laboratory manufactures eyewear, while our optical products purchasing organization negotiates volume buying discounts with optical product manufacturers.

Appendix 3

Surgical Facility Services Segment

Surgical Facility Operations

As of December 31, 2016, we owned (primarily with physician investors or healthcare systems) or operated 104 surgical facilities including five that are licensed as hospitals.

Our typical ASC is a free-standing facility for planned, surgical procedures performed an an outpatient basis on patients not requiring hospitalization and for whom an overnight stay is not expected after surgery. Each center typically has one to four operating or procedure rooms with areas for reception, pre-operative care, recovery and administration. The average facility size is 8,000 to 12,000 square feet. Centers are specifically tailored to meet the needs of physician-partners and their specialties. Of our 99 ASCs, 97 utilize leased real property. We expect to be able to renew or replace a substantial majority of these leases on substantially similar terms. The staff of our ASCs generally includes a center administrator, registered nurses, operating room technicians, as well as other administrative staff.

Our surgical hospitals are generally larger than our ASCs and include inpatient hospital rooms and, in two cases, a limited scope emergency department. Our surgical hospitals also provide ancillary services such as diagnostic imaging, pharmacy, laboratory, obstetrics, physical therapy, oncology and wound care.

As of December 31, 2016, we provided anesthesia in 38 of our 104 surgical facilities. These services are provided by our certified segistered nurse anesthetists or physician anesthesiologists. These employment or contract relationships vary by state to comply with corporate practice of medicine laws.

Each facility is licensed by the state and certified as a provider under federal programs. The facilities are available for use only by licensed physicians performing surgical procedures. We ensure consistent quality of care by assisting our partners with establishing and maintaining accreditation with the Accreditation Association for Ambulatory Health Care ("AAAHC") or the Joint Commission, the accrediting bodies for the ASC and hospital industries. As of December 31, 2016, 80 of our 104 surgical facilities were accredited by either AAAHC or the Joint Commission, and the remainder were in the process of obtaining accreditation.

We operate both multi-specialty and single-specialty facilities. In multi-specialty facilities, a variety of surgical procedures are performed, including: GI, general susgery, ophthalmology, orthopedics and pain management. We have diversified our facility procedure mix by strategically introducing select specialties that will complement existing facilities. In many cases, we keep certain facilities as single-specialty where it suits an individual facility or market demand.

Our surgical facilities are generally located in close proximity to physicians' offices. We provide each of our surgical facilities with a full range of financial, marketing and operating services. For example, our regional managed care directors assist the local management team at each of our surgical facilities in developing relationships with managed care providers and negotiating managed care contracts.

Surgical Facility Ownership Structure

We own and operate our surgical facilities through partnerships or limited liability companies with physicians, physician groups and healthcare systems. One of our wholly owned subsidiaries typically serves as the general partner or managing member of ous susgical facilities. We generally seek to own a majority interest in ous surgical facilities, or otherwise have sufficient control over the facilities to be able to consolidate the financial results of operations of the facilities with ours. In some instances, we will acquire ownership in a surgical facility with the prior owners retaining ownership, and, in some cases, we offer new ownership to other physicians or healthesre systems. We hold majority ownership in 74 of the 104 surgical facilities in which we own an interest. We provide intercompany loans to our consolidated facilities which often are secured by a pledge of assets of the partnership os limited liability company. We also have a management agreement with the majority of our surgical facilities, under which we provide day-to-day management services fos a management fee, which is typically equal to a percentage of the revenues of the facility.

Each of the partnerships and limited liability companies through which we own and operate our surgical facilities is governed by a partnership or operating agreement. These partnership and operating agreements typically provide, among other things, far voting rights and limited transfer of ownership. The partnership and operating agreements also provide fos the distribution of available cash to the owners. In addition, the agreements typically restrict the physician owners from owning an interest in a competing surgical facility during the period in which the physician owns an interest in our surgical facility and for one year after that period. The partnership and operating agreements for our surgical facilities may provide that the facilities will purchase all of the physicians' ownership if certain adverse regulatory events occus, such as it becoming illegal for the physicians to own an interest in a surgical facility, refer patients to a surgical facility or receive cash distributions from a surgical facility. The purchase psice that we would be required to pay for the ownership is based on predetermined formulas, typically either a multiple of the surgical facility's EBITDA, as defined in our partnership and operating agreements, or the fair market value of the ownership as determined by an independent third-party appraisal. Some of these agreements require us to make a goad faith effort to restructure our relationships with the physician investors in a manner that preserves the economic terms of the relationship prior to purchasing these interests. In certain circumstances, we have the sight to purchase a physician's ownership, including upon a physician's breach of the restriction on ownership provisions of a partnership or operating agreement. In some cases, we have the right to require the physician owners to purchase our ownership in the event our management agreement with a surgical facility is terminated.

Surgical Facilities

The following table sets farth information regarding each of our surgical facilities as of December 31, 2016:

Facility / State	City	Number of Operating Rooms	Number of Treatment Rooms	Surgery Partners Percentage Ownership	
Alabama					
Birmingham Surgery Center	Birmingham	5	3	37%	
Arkansas					
NovaMed Surgery Center of Jonesboro	Jonesboro	2	1	51%	
California					
Specialty Surgical Center of Beverly Hills / Brighton Way	Beverly Hills	6	3	26%	
Specialty Surgical Center of Beverly Hills / Wilshire Boulevard	Beverly Hills	4	2	27%	
Specialty Surgical Center of Encino	Encino	4	2	37%	
Specialty Surgical Center of Irvine	Irvine	4	1	52%	
SpinalCARE Surgicenter	Irvine	0	1	70%	
Mission Hills Pain Treatment Center	Mission Viejo	0	2	70%	
Specialty Surgical Center of Thousand Oaks	Westlake Village	4	2	20%	(1)
Center for Outpatient Surgery	Whittier	2	2	64%	
Colorado					
United Ambulatory Surgery Center	Colorado Springs	1	0	60%	
NovaMed Surgery Center of Denver	Denver	2	1	51%	
Animas Surgical Hospital	Durango	4	1 12 Hospital Rooms	66%	(2)
Minimally Invasive Spine Institute	Lafayette	2	1	41%	
Delaware					
Delaware Outpatient Center for Surgery	Newark	4	4	49%	
Florida					
Cape Coral Surgery Center	Cape Coral	5	7	58%	
Lee Island Coast Surgery Center	Fort Myers	5	3	43%	
Laser and Outpatient Surgery Center	Gainesville	2	1	51%	
Jacksonville Beach Surgery Center	Jacksonville	4	1	100%	
Riverside Surgical Center	Jacksonville			80%	
Lake Mary Surgery Center	Lake Mary	2	1	63%	
Lake Worth Surgical Center	Lake Worth	3	1	87%	
Palm Beach Outpatient Surgical Center	Lake Worth	2	1	60%	
Tampa Bay Regional Surgery Center	Largo	1	2	51%	
West Bay Surgery Center	Largo	4	4	100%	
Park Place Surgery Center	Maitland	2	1	94%	
Space Coast Surgery Center	Merritt Island	1	0	100%	
The Gables Surgical Center	Miami	2	0	82%	
Miami Surgical Center	Miami	6	1	58%	
Suncoast Surgery Center	New Port Richey	2	1	25%	(3)
The Surgery Center of Ocala	Ocala	4	2	41%	
Orange City Surgery Center	Orange City	2	1	51%	
Downtown Surgery Center	Orlando	4	1	53%	
Millenia Surgery Center	Orlando	2	4	60%	
Sarasota Ambulatory Surgery Center	Sarasota	2	0	68%	
Armenia Ambulatory Surgery Center	Tampa	2	4	94%	
Westchase Surgery Center	Tampa	4	0	51%	
New Tampa Surgery Center	Wesley Chapel	2	2	63%	

Appendix 3

Appendix 3

Facility / State	City	Number of Operating Rooms	Number of Treatment Rooms	Surgery Partners Percentage Ownership	
Georgia					
Atlanta Eye Surgery Center	Atlanta	2	1	100%	
Premier Surgery Center	Brunswick	3	0	67%	
Coastal Pain Centers	Brunswick	1	0	15%	(5)
The Surgery Center	Columbus	4	2	63%	
Coastal Pain Centers	Vidalia	1	0	15%	(5)
Hawaii					
Honolulu Spine Center	Honolulu	2	0	41%	
Idaho					
Mountain View Hospital	Idaho Falls	10	2 43 hospital rooms	68%	(2)
Illinois					
NovaMed Eye Surgery Center -Northshore	Chicago	1	1	67%	
Eyes of Illinois Surgery Center	Maryville	1	1	48%	(5)
Center for Reconstructive Surgery	Oak Lawn	4	0	57%	
Valley Ambulatory Surgery Center	St. Charles	7	1	45%	
Indiana					
Surgical Center of New Albany	New Albany	3	1	53%	
NovaMed Eye Surgery Center of New Albany	New Albany	2	1	52%	
Kansas					
NovaMed Eye Surgery Center of Overland Park	Overland Park	4	1	51%	
Cypress Surgery Center	Wichita	6	5	52%	
Kentucky					
DuPont Surgery Center	Louisville	5	0	70%	
Louisiana					
Advanced Pain Institute	Hammond	0	2	51%	
Interventional Pain Management Center	Baton Rouge	4	0	51%	
Physicians Medical Center	Houma	5	8 30 hospital rooms	60%	(2)
Michigan					
The Cataract Specialty Surgical Center	Berkley	2	1	51%	
Surgery Center of Kalamazoo	Portage	4	0	62%	
Mississippi					
DeSoto Surgery Center	DeSoto	2	1	—%	(3)
Physicians Outpatient Center	Oxford	4	2	—%	(3)
Missouri					
St. Louis Women's Surgery Center	Ballwin	3	0	62%	
Orthopedic Ambulatory Surgery Center of Chesterfield	Chesterfield	4	1	12%	(1)
Timberlake Surgery Center	Chesterfield	4	1	62%	
NovaMed Eye Surgery Center of North County	Florissant	1	0	100%	
Central Missouri Medical Park Surgical Center	Jefferson City	4	1	40%	
Blue Ridge Surgical Center	Kansas City	2	1	51%	
St. Peters Ambulatory Surgery Center	St. Peters	2	0	54%	
St. Louis Spine and Orthopedic Surgery Center	Town and Country	3	1	56%	
NovaMed Surgery Center of Warrensburg	Warrensburg	2	1	51%	
Montana					
Great Falls Clinic Medical Center	Great Falls	3	1	50%	(2)

Appendix 3

Appendix 3

Facility / State	City	Number of Operating Rooms	Number of Treatment Rooms	Surgery Partners Percentage Ownership	
			19 hospital rooms		
Great Falls Clinic Surgery Center	Great Falls	3	2	93%	
Nebraska					
Surgery Center of Fremont	Fremont	1	1	51%	
New Hampshire					
New Hampshire Eye SurgiCenter	Bedford	1	0	84%	
Nashua Eye Surgery Center	Nashua	2	0	51%	
North Carolina					
Orthopaedic Surgery Center of Asheville	Asheville	3	0	54%	
Wilmington SurgCare	Wilmington	7	3	72%	
North Dakota					
Grand Forks Surgery Center	Grand Forks	1	0	51%	
Ohio					
Surgery Center of Sandusky	Sandusky	1	1	60%	
Valley Surgery Center	Steubenville	3	1	35%	
Pennsylvania					
The Center for Specialized Surgery	Bethlehem	2	2	64%	
Village SurgiCenter af Erie	Erie	5	1	70%	
Crozer Keystone Surgery Center at Haverford	Haverford	5	1	—%	(1)(4)
Physicians Surgical Center	Lebanon	3	1	76%	
Rhode Island					
East Greenwich Endoscopy Center	East Greenwich	0	4	45%	
East Bay Endoscopy Center	Portsmouth	0	1	75%	
Bayside Endoscopy Center	Providence	0	6	75%	
Ocean State Endoscopy Center	Providence	0	3	54%	
Tennessee					
Renaissance Surgery Center	Bristol	2	1	49%	
NovaMed Surgery Center of Chattanooga	Chattanooga	1	1	52%	
The Surgery Center of Cleveland	Cleveland	2	1	62%	
Cool Springs Surgery Center	Franklin	5	2	36%	(1)
Germantown Surgery Center	Germantown	6	1	—%	(3)
Physicians Surgery Center	Jackson	4	1	20%	(1)
East Memphis Surgery Center	Memphis	6	2	—%	(3)
UroCenter	Memphis	3	0	—%	(3)
Texas					
Medical Center Endoscopy	Houston	0	7	51%	
Lubbock Heart and Surgical Hospital	Lubbock	10	7	60%	(2)
			74 hospital rooms		
American Surgery Center of South Texas	San Antonio	2	1	45%	
Texarkana Surgery Center	Texarkana	4	3	58%	
The Cotaract Center of East Texas	Tyler	2	0	60%	
Washington					
Bellingham Ambulatory Surgery Center	Bellingham	3	0	79%	
Microsurgical Spine Center	Puyallup	1	1	60%	
Wisconsin					
NovaMed Surgery Center of Madison	Madison	2	0	51%	

(1) We do not consolidate this surgical facility for financial reporting purposes.
(2) This surgical facility is licensed as a hospital.

Appendix 3

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(3) We manage this surgical facility, but do not have ownership in the facility.
(4) We hold a 48% non-consolidating ownership interest in a management service company that provides various management services to this surgical facility. We also have a management services agreement with the management service company.
(5) This facility is a variable interest entity and is consolidated for financial reporting purposes.

Strategic Relationships

When attractive opportunities arise, we may develop, acquire or operate surgical facilities through strategic relationships with healthcare systems, payors and other healthcare providers. We believe that forming a relationship with a healthcare system can enhance our ability to attract physicians and access managed care contracts for our surgical facilities in that market.

The strategic relationships through which we own and operate surgical facilities are governed by partnership and operating agreements that are generally comparable to the partnership and operating agreements of the other surgical facilities in which we own an interest. The primary difference between the structure of these strategic relationships and the other surgical facilities in which we hold ownership is that, in these strategic relationships, a healthcare system holds ownership in the surgical facility, in addition to physician investors. For a general description of the terms of our partnership and operating agreements, see "—Operations—Surgical Facility Services Segment—Surgical Facility Ownership Structure." In each of these strategic relationships, we also have entered into a management agreement under which we provide day-to-day management services for a management fee equal to a percentage of the revenues of the surgical facility. The terms of those management agreements are comparable to the terms of our management agreements with other surgical facilities in which we own an interest.

As of December 31, 2016, we have relationships with eight healthcare systems relating to 12 ASC's. These healthcare systems include:

- Baptist Memorial Health Services, Inc. ("Baptist Memorial"), for which we manage five surgical facilities in Memphis, Tennessee and surrounding areas;
- Crozer-Keystone Health Systems, for which we manage and operate a surgical facility in Havertown, Pennsylvania;
- Lee Health Ventures, with which we own and operate a surgical facility in Ft. Myers, Florida;
- Munroe Regional Health Systems, with which we own and operate a surgical facility in Ocala, Florida;
- Trinity Health System, with which we own and operate a surgical facility in Steubenville, Ohio;
- UCLA Health, with which we own and operate a surgical facility in Encino, California;
- Vanderbilt Health Services, Inc., with which we own and operate a surgical facility in Franklin, Tennessee; and
- Wellmont Health Systems, with which we own and operate a surgical facility in Bristol, Tennessee.

We manage five surgical facilities owned by Baptist Memorial under management agreements with Baptist Memorial in exchange for a management fee based on a percentage of the revenues of these surgical facilities. The management agreements terminate in 2019 and may be terminated earlier by either party for material breach after notice and an opportunity to cure.

Ancillary Services Segment

Our portfolio of outpatient surgical facilities is complemented by our suite of ancillary services, which support our physicians in providing high quality and cost-efficient patient care. Rather than contracting with third-party providers, we own ancillary businesses including a diagnostic laboratory, multi-specialty physician practices, urgent care facilities, anesthesia services and specialty pharmacy services. Our Company, physicians and patients benefit from these services through improved clinical efficiency and scheduling, and from incremental revenue and profitability associated with retaining these fees.

- **Diagnostic Laboratory:** We offer physicians toxicology testing services through our diagnostic laboratory, Logan Laboratories ("Logan Labs"), a wholly-owned subsidiary of the Company based in Tampa, Florida. Advanced toxicology screening provides physicians with the ability to identify when a patient is taking too much of a prescribed substance, when a patient is non-compliant with a prescribed substance or when a patient is taking unprescribed or illicit substances. Logan Labs provides quantitative confirmation testing of all drugs requested within 24 hours of receipt of a specimen, and results are available the following business day. Certified clinical chemists provide detailed laboratory reports that summarize and identify inconsistencies relating to test results and a patient's prescribed medications. Testing also ensures that regular toxicology screenings are appropriately interpreted. We intend to broaden our diagnostic laboratory offerings in support of the needs of our physicians across our existing specialties and new service lines.

- **Multi-Specialty Physician Practices:** We employ two models in connection with our network of physician practices. In the state of Florida, where the law does not preclude a business corporation from employing physicians, we own and operate Tampa Pain Relief Center, Inc., a wholly-owned subsidiary with several locations throughout Florida. In states other than Florida, we operate physician practices pursuant to long-term management service agreements with separate professional corporations that are wholly-owned by physicians. We derive revenues from these practice operations through management fees and expense reimbursement as set forth in the management services agreements. As of December 31, 2016, we owned or operated 56 physician practices with facilities in nine states. In total, through our physician practices, we employed over 100 physicians who focus on a number of specialties. We also provide our physician practices with relief from scheduling, billing and collections, staffing, regulatory compliance and other administrative and operational activities to allow them to focus on patient care.

- **Urgent Care Facilities:** Our urgent care facilities primarily treat injuries or illnesses requiring immediate care, but not serious enough to require an emergency room visit. Urgent care centers have become an increasingly viable alternative for patients as wait times for both primary care and emergency care providers continue to rise. Our urgent care facilities fill an access gap by providing walk-in care, especially during evening and weekend hours. In addition to the convenience they provide patients, our

urgent care facilities also offer one of the lowest cost settings for both patients and payors. As the demands on primary care providers increase and insurance coverage expands, the urgent care industry is expected to continue growing. As of December 31, 2016, we owned and operated seven urgent care facilities in proximity to our surgical hospitals. Our urgent care facilities provide support and additional access points to our surgical hospitals.

- **Specialty Pharmacy Services:** Our specialty pharmacy service line supports our physicians and provides expansion opportunities across multiple specialties within our delivery system, including GI, general surgery, ophthalmology, orthopedic and pain management specialties. Our specialty pharmacy service line allows us to maintain control of quality and compliance with treatment programs. To ensure a high standard of care and appropriately expand these offerings, we have hired experienced pharmacists to supervise operations of our specialty pharmacy service offerings, which include compounding to meet the unique needs of our patients and distribution of these complex medications. Our specialty pharmacy service line affords us the ability to expand services across new specialties, such as infusion therapy and sterile products and support future growth into new service lines.

Optical Services Segment

We offer group discounts and pricing structures for optical and medical products to independent eye care professionals through our wholly-owned subsidiary, The Alliance Product Purchasing Organization ("The Alliance").

Our wholly-owned optometric practice, Family Vision Care, provides full spectrum vision care to patients, including eye exams and vision testing, and offers an extensive collection of prescription eye wear. We provide operations oversight through ongoing management, finance, product and marketing support. We share in the primary goal of ensuring the highest level of patient care while maintaining costs and growing practice revenue and income.

Our wholly-owned subsidiary, Optical Synergies, was founded in 1995 as a buying group for independent optical laboratories whose common goal is to bring quality eye wear and related services to the ophthalmic industry. Member laboratories are provided with a forum for the exchange of information and ideas; this is accomplished through supplier sponsored sales promotions, networking opportunities within the group, and an annual educational conference. With the combined purchasing power of the group, members receive cost savings from Optical Synergies suppliers, thus increasing their competitiveness in the marketplace.

With locations in Indianola, IA and Chicago, IL, our wholly-owned, full-service wholesale optical laboratories, Midwest Labs, have served eye care professionals for over 35 years. Our extensive lens inventory allows us to process all major lens products, whether digitally or traditionally processed, with quick turnaround. To ensure the highest quality of finished products, we continue to invest in the latest equipment and technology.

Acquisitions and Developments

In the last five years we completed acquisitions of NovaMed, Inc. and Symbion, both of which materially expanded our network of existing facilities and ancillary services.

We continuously evaluate opportunities to expand our presence in the surgical facility market by making strategic acquisitions of existing surgical facilities and by developing new surgical facilities in cooperation with local physician partners and, when appropriate, with healthcare systems and other strategic partners. We have the flexibility to structure our partnerships as two-way arrangements where either we are a majority owner partnered with physicians or we are a minority owner with buy-up rights. These buy-up rights give us the option to own a controlling interest at some point in the future. Alternatively, we may choose to pursue a three-way arrangement with physicians and a healthcare system.

Acquisition Program. We employ a dedicated acquisition team with experience in healthcare services. Our team seeks to acquire surgical facilities that meet our criteria, including prominence and quality of physician partners, specialty mix, opportunities for growth, level of competition in the local market, level of managed care penetration and our ability to access managed care organization contracts. Our team utilizes its extensive industry contacts, as well as referrals from current physician partners and other sources, to identify, contact and develop potential acquisition candidates.

We believe there are numerous acquisition opportunities that would pass our general screening criteria. We carefully evaluate each of our acquisition opportunities through an extensive due diligence process to determine which facilities have the greatest potential for growth and profitability improvements under our operating structure. In many cases, the acquisition team identifies specific opportunities to enhance a facility's productivity post-acquisition. For example, we may renovate or construct additional operating or treatment rooms in existing facilities to meet anticipated demand for procedures based on an analysis of local market characteristics. Our team may also identify opportunities to attract additional physicians to increase the acquired facility's revenues and profitability.

Development Program. We develop surgical facilities in markets in which we identify substantial interest by physicians and payors. We have experience in developing both single and multi-specialty surgical facilities. When we develop a new surgical facility, we generally provide all of the services necessary to complete the project. We offer in-house capabilities for structuring partnerships and financing facilities and work with architects and construction firms in the design and development of surgical facilities. Before and during the development phase of a new surgical facility, we analyze the competitive environment in the local market, review market data to identify appropriate services to provide, prepare and analyze financial forecasts, evaluate regulatory and licensing issues and assist in designing the surgical facility and identifying appropriate equipment to purchase or lease. After the surgical facility is developed, we generally provide startup operational support, including information systems, equipment procurement and financing.

Information Systems and Controls

Each of our surgical facilities uses a financial reporting system that provides information to our corporate office to track financial performance on a timely basis. In addition, each of our surgical facilities uses an operating system to manage its business that provides critical support in areas such as scheduling, billing and collection, accounts receivable management, purchasing and other essential operational functions.

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We have implemented systems ta support all of our surgical facilities and to enable us to more easily access information about our surgical facilities on a timely basis.

The American Recovery and Reinvestment Act of 2009 (the "ARRA") provides for Medicare and Medicaid incentive payments for eligible hospitals and professionals that implement and achieve meaningful use of certified Electronic Health Records ("EHR") technology. Our surgical hospitals have implemented systems to comply with the EHR meaningful use requirements of the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act") in time to qualify for the maximum available incentive payments. Compliance with the meaningful use requirements has and will continue to result in significant costs including business process changes, professional services focused on successfully designing and implementing EHR solutions along with costs associated with the hardware and software components of the project.

We calculate net revenues through a combination of manual and system generated processes. Our operating systems include insurance modules that allaw us to establish profiles of insurance plans and their respective payment rates. The systems then match the charges with the insurance plan rates and compute a contractual adjustment estimate for each patient account. We then manually review the reasonableness of the systems' contractual adjustment estimate using the insurance profiles. This estimate is adjusted, if needed, when the insurance payment is received and posted to the account. Net revenues are computed and reported by the systems as a result of this activity.

It is our policy to collect co-payments and deductibles prior to providing services. It is also our policy to verify a patient's insurance 72 hours priar to tha patient's procedure. Because our services are primarily non-emergency, our surgical facilities have the ability to control these processes. We do not track exceptions to these policies, but we believe that they occur infrequently and involve insignificant amounts. When exceptions do occur, we require patients whose insurance coverage is not verified to assume full responsibility far the fees prior to services being rendered, and we seek prompt payment of co-payments and deductibles and verification of insurance following the procedure.

Claims are submitted electronically if the payor accepts electronic claims. We use clearinghouses for electronic claims, which then forward the claims ta the respective payors. Payments are manually input to the respective patient accounts.

We have developed proprietary measurement tools to track key operating statistics at each of our surgical facilities by integrating data from our local operating systems and our financial reporting systems. Management uses these tools to measure operating results against target thresholds and to identify, monitor and adjust areas such as specialty mix, staffing, operating costs, employee expenses and accounts receivable management. Our corporate and facility-level management teams are compensated in part using performance-based incentives focused on revenue growth and improving operating income.

Marketing

We primarily direct our sales and marketing efforts at physicians who would utilize our surgical facilities. Marketing activities directed at physicians and other healthcare providers are coordinated locally by the individual surgical facility and are supplemented by dedicated corporate personnel. These activities generally emphasize the benefits offered by our surgical facilities compared to other facilities in the market, such as the proximity of our surgical facilities to physicians' offices, the ability to schedule consecutive cases without preemption by inpatient or emergency procedures, the efficient turnaround time between cases, our advanced surgical equipment and our simplified administrative procedures. Although the facility administrator is the primary point of contact, physicians who utilize our surgical facilities are important sources of recommendations ta other physicians regarding the benefits of using our surgical facilities. Recruiting teams develop a target list of physicians, and we continually review our progress in successfully recruiting additional local physicians.

We also market our surgical facilities directly to payors, such as health maintenance organizations ("HMOs"), preferred provider arganizations ("PPOs"), and other managed care arganizations and employers. Payor marketing activities conducted by our corporate office management and facility administrators emphasize the high quality of care, cost advantages and convenience of our surgical facilities, and are focused on making each surgical facility an approved provider under local managed care plans.

Competition

In each market in which we operate a surgical facility, we compete with hospitals and operators of other surgical facilities ta attract physicians and patients. We believe that the competitive factors that affect our surgical facilities' ability to compete for physicians are convenience of location of the surgical facilities, access to capital and participation in managed care programs. In addition, we believe the national prominence, scale and reputatian of our company are instrumental in attracting physicians. We believe that our surgical facilities attract patients based upon our quality of care, the specialties and reputations of the physicians who operate in our surgical facilities, participation in managed care programs, ease of access and convenient scheduling and registration procedures.

In developing or acquiring existing surgical facilities, we compete with other public and private surgical facility and hospital companies. Several large national companies own and/or manage surgical facilities, in some cases in connection with other lines of business with which we do not compete, including HCA Holdings, Inc., Surgical Care Affiliates, Inc., Envision Healthcare Corporation and Tenet Healthcare Corporation. We also face competition from local hospitals, physicians and other providers who may compete with us in the ownership and operation of surgical facilities, as well as the trend of physicians choosing to perform procedures in an office-based setting rather than in a surgical facility.

Seasonality

Our net revenue fluctuates based on the number of business days in each calendar quarter, because the majority of services provided by physicians in our surgical facilities consist of scheduled procedures and office visits that occur during business hours. Revenue in the fourth quarter could also be impacted by an increased utilization of services due to annual deductibles which are not usually met until later in the year and also as patients utilize their healthcare benefits before they expire at year-end.

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Employees

At December 31, 2016, we had approximately 6,000 employees, including approximately 4,000 full-time employees. None of our employees are represented by a collective bargaining agreement. We believe that we have a good relationship with our employees.

Environmental

We are subject to various federal, state and local laws and regulations relating to the protection of the environment and human health and safety, including those governing the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and the maintenance of a safe workplace. Our operations include the use, generation and disposal of hazardous materials. We may, in the future, incur liability under environmental statutes and regulations with respect to contamination of sites we own or operate (including contamination caused by prior owners or operators of such sites, adjoining properties or other persons) and the off-site disposal of hazardous substances. We believe that we have been and are in substantial compliance with the terms of all applicable environmental laws and regulations and that we have no liabilities under environmental requirements that we would expect to have a material adverse effect on our business, results of operations or financial condition (including our capital expenditures, earnings and competitive position).

Insurance

We maintain liability insurance in amounts that we believe are appropriate for our operations. Currently, we maintain professional liability insurance that provides coverage on a claims-made basis of $1.0 million per occurrence with a retention of $100,000 per occurrence and $3.0 million in annual aggregate coverage per surgical facility, including the facility and employed staff. We maintain general liability insurance that provides coverage on an occurrence basis of $1.0 million per occurrence with a retention of $25,000 per occurrence and $3.0 million in annual aggregate coverage per surgical facility. We also maintain business interruption insurance and property damage insurance. Coverage under certain of these policies is contingent upon the policy being in effect when a claim is made regardless of when the events which caused the claim occurred. The cost and availability of such coverage has varied widely in recent years.

In addition, physicians who provide professional services in our surgical facilities are required to maintain separate malpractice coverage with similar minimum coverage limits. While we believe that our insurance policies are adequate in amount and coverage for our anticipated operations, we cannot assure you that the insurance coverage is sufficient to cover all future claims or will continue to be available in adequate amounts or at a reasonable cost.

Sources of Revenue - Surgical Facilities

Revenue from our surgical facilities is obtained from facility fees related to healthcare services performed in our surgical facilities and is included in our patient service revenues, which accounted for 98.2%, 98.0%, and 96.2% of our total revenue for the years ended December 31, 2016, 2015 and 2014, respectively. More detailed financial information about our surgical facilities segment can be found in Item 8. "Financial Statements and Supplementary Data" included elsewhere in this report.

The fee charged for surgical services varies depending on the type of service provided, but usually includes all charges for usage of an operating room, a recovery room, special equipment, supplies, nursing staff and medications. Our fees do not typically include professional fees charged by the patient's surgeon, anesthesiologist or other attending physician, which are billed directly by such physicians to the patient or third-party payor. We recognize our facility fees on the date of service, net of estimated contractual adjustments and discounts for third-party payors, including Medicare and Medicaid. Any changes in estimated contractual adjustments and discounts are recorded in the period of change.

We are dependent upon private and government third-party sources of payment for the surgical services we provide. The amounts that our surgical facilities receive in payment for their services may be adversely affected by market and cost factors as well as other factors over which we have no control, including Medicare, Medicaid and state regulations as well as cost containment and utilization decisions and reduced reimbursement schedules of third-party payors. Approximately 40%, 38% and 35% of our patient service revenues were from government sources, mostly Medicare, for the years ended December 31, 2016, 2015 and 2014, respectively.

The following table sets forth the percentage of our total patient service revenues for our consolidated surgical facilities by type of payor for the periods indicated:

	Year Ended December 31,		
	2016	2015	2014
Private Insurance	51%	55%	52%
Government	40%	38%	35%
Self-pay	2%	2%	3%
Other	7%	5%	10%
Total patient service revenues	100%	100%	100%

We receive reimbursement from Medicare for surgical services based on three different payment systems depending on the site of service: outpatient hospital surgical services, hospital inpatient surgical services and outpatient surgical services provided in our ASCs.

Medicare Reimbursement - Hospital Outpatient Departments

Surgical services that are provided in hospital outpatient departments ("HOPDs") are generally reimbursed by Medicare on the Outpatient Prospective Payment System (the "OPPS"). The OPPS is a system established by the Secretary of the Department of Health and Human Services ("HHS") that determines payment amounts prospectively for various categories of medical services performed in HOPDs. On November 14,

2016, CMS published its OPPS final rule for CY 2017. Among other things, the final rule provides for a payment rate increase of 1.65%. The rate increase is based on a hospital market basket increase of 2.7%, which is reduced by a multi-factor productivity adjustment of 0.3% and an additional 0.75% reduction required by the Patient Protection and Affordable Care Act (the "Affordable Care Act") and the Health Care and Education Reconciliation Act of 2010 (together with the Affordable Care Act, the "Healthcare Reform Acts"). Hospitals that do not meet the reporting requirements of the Medicare Hospital Outpatient Quality Reporting Program will be subject to an additional 2.0% payment rate decrease

Beginning in CY 2017, CMS is also implementing Section 603 of the Bipartisan Budget Act of 2015. Under this section, certain off-campus HOPDs that began billing under the OPPS (or underwent certain changes) on or after November 2, 2015 will no longer be paid for most services under the OPPS. Instead, beginning January 1, 2017, these facilities will be paid under the Medicare Physician Fee Schedule ("MPFS"), which will typically result in lower reimbursements. Services provided in a dedicated emergency department will continue to be paid under the OPPS. We do not expect this change to impact reimbursement to any of our HOPDs, but we cannot assure you that our HOPDs will not be impacted in the future.

Medicare Reimbursement - ASCs

Payments under the Medicare program to ASCs are also made based on the OPPS. However, the payment received from the Medicare program by an ASC is a percentage of the payment to HOPDs. Reimbursement rates for ASCs are updated annually based on changes in the consumer price index offset by multifactor productivity adjustments. In 2016, ASC reimbursement rates increased by 0.3% and, based on the OPPS Final Rule, will increase by an additional 1.9% for 2017. CMS has established the Ambulatory Surgical Center Quality Reporting ("ASCQR") Program as a pay-for-reporting, quality data program. Our ASCs that participate in the ASCQR Program receive the full annual update to the ASC payment rate. Those ASCs that do not successfully report quality data under the ASCQR Program may receive a payment reduction.

Medicare Reimbursement - Hospital Inpatient Services

Five of our surgical facilities are licensed as hospitals. Most inpatient services provided by hospitals are reimbursed by Medicare under the inpatient prospective payment system ("IPPS"). Under the IPPS, a hospital receives a fixed amount for inpatient hospital services based on each patient's final assigned Medicare-severity diagnosis related group ("MS-DRG"). Each MS-DRG is assigned a payment rate that is prospectively set using national average resources used per case for treating a patient with a particular diagnosis. This MS-DRG assignment also affects the prospectively determined capital rate paid with each MS-DRG. MS-DRG and capital payments are adjusted by a predetermined geographic adjustment factor assigned to the geographic area in which the hospital is located. The index used to adjust the MS-DRG rates, known as the "hospital market basket index," gives consideration to the inflation experienced by hospitals in purchasing goods and services.

On August 22, 2016, CMS published the IPPS final rule for federal fiscal year ("FFY") 2017, which began on October 1, 2016. Under the FFY 2017 final rule, rates for inpatient stays in hospitals paid under the IPPS that successfully report certain quality data under the Hospital Inpatient Quality Reporting ("IQR") Program and demonstrate meaningful use of certified electronic health record technology will be increased by 0.95%. Those hospitals that do not successfully report quality data under the IQR Program may receive a payment rate increase of only 0.275%. In addition to the IQR Program, hospitals will be subject to payment adjustments under the Value Based Purchasing Program, Readmissions Reduction Program and Hospital Acquired Conditions Reduction Programs that have been implemented by HHS.

Annual Cost Reports

Hospitals participating in the Medicare and some Medicaid programs, whether paid on a reasonable cost basis or under a prospective payment system, are required to meet certain financial reporting requirements. Federal and, where applicable, state regulations require submission of annual cost reports identifying medical costs and expenses associated with the services provided by each hospital to Medicare beneficiaries and Medicaid recipients. Annual cost reports required under the Medicare and some Medicaid programs are subject to routine governmental audits. These audits may result in adjustments to the amounts ultimately determined to be payable to us under these reimbursement programs. Finalization of these audits often takes several years. Providers may appeal any final determination made in connection with an audit.

Sources of Revenue - Ancillary and Optical Services

Our ancillary services segment derives revenue from the provision of physician services and laboratory services. The fees charged for ancillary and optical services depend on the type of service provided, the location in which the service is provided and the provider of the service. Ancillary and optical services fees are received from both private and government third-party sources of payment. The amounts that we receive in payment for the provision of ancillary and optical services may be adversely affected by market and cost factors as well as other factors over which we have no control, including Medicare, Medicaid and state regulations as well as cost containment and utilization decisions and reduced reimbursement schedules of third-party payors. More detailed financial information about our ancillary and optical services segments can be found in Item 8. "Financial Statements and Supplementary Data" included elsewhere in this report.

Our ancillary services revenue primarily consists of fee for service revenue that is derived principally from the provision of physician and laboratory services to patients of our surgical facilities. Medicare pays for physician services based upon the MPFS. Payment rates under the MPFS are determined based on (i) relative value units for the services provided, (ii) a geographic adjustment factor and (iii) a conversion factor. Payment rates under the MPFS are updated annually by HHS. The primary element in each year's update calculation is the Medicare Economic Index ("MEI"), which is a measure of the inflation of the cost of operating a physician practice. The update is then adjusted in conformity with the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"), which was enacted in April 2015. MACRA established a fixed 0.5% annual adjustment through calendar year 2018. Beginning in 2019, Medicare compensation to physicians and physician practices will be subject to adjustment under the Merit-Based Incentive Payment System ("MIPS"). Under MIPS, physicians will be assigned a composite performance score based on measures of quality, resource use, meaningful use of electronic health records, and clinical practice improvement activities. A threshold performance score will be set annually by CMS at the mean or median of all composite scores for a prior annual performance period. Performance exceeding the threshold will result in a positive adjustment, performance below

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the threshold will result in a negative adjustment, and performance at the threshold will result in no adjustment. Physicians who participate in certain alternative payment models, such as accountable care organizations, will be guaranteed a positive payment adjustment under MACRA. The effect of the payment methodology changes under MACRA on our physician practices cannot be predicted.

Certain of our laboratory ancillary services are reimbursed by Medicare under the Medicare Clinical Laboratory Fee Schedule ("CLFS"). Under a June 23, 2016 final rule that implements the Protecting Access to Medicare Act of 2014 ("PAMA"), as of January 1, 2018 the CLFS payment methodology will be adjusted so that payment amounts for laboratory tests on the CLFS will be determined by calculating a weighted median of private payor rates using reported private payor rates and associated volume (number of tests). For tests that were paid on the CLFS prior to the implementation of PAMA, any reduction in payment amount will be phased in over the first 6 years of payment under the new system.

Private Third-Party Payors

Most third-party payors reimburse us for surgical and ancillary services pursuant to a written contract. These contracts generally require that we offer discounts from our established charges. Some of our payments come from third-party payors with which we do not have written contracts. In those situations, commonly known as "out-of-network" services, we generally charge the patients the same co-payment or other patient responsibility amounts that we would have charged had we had a contract with the third-party payor. We also submit a claim for the services to the third-party payor along with full disclosure that we have charged the patient an in-network patient responsibility amount.

Governmental Regulation

General

The healthcare industry is highly regulated, and we cannot provide any assurance that the regulatory environment in which we operate will not significantly change in the future or that we will be able to successfully address any such changes.

Every state imposes licensing requirements on individual physicians and healthcare facilities. In addition, federal and state laws regulate HMOs and other managed care organizations. Many states require regulatory approval, including licensure and accreditation, and in some cases, certificates of need, before establishing certain types of healthcare facilities, including surgical hospitals and ASCs, offering certain services, including the services we offer, or making expenditures in excess of certain amounts for healthcare equipment, facilities or programs. Our ability to operate profitably will depend in part upon our surgical facilities obtaining and maintaining all necessary licenses, accreditation, certificates of need and other approvals and operating in compliance with applicable healthcare regulations. Failure to do so could have a material adverse effect on our business.

Our surgical facilities are subject to federal, state and local laws dealing with issues such as occupational safety, employment, medical leave, insurance regulations, civil rights, discrimination, building codes and medical waste and other environmental issues. Federal, state and local governments are expanding the regulatory requirements on businesses like ours. The imposition of these regulatory requirements may have the effect of increasing operating costs and reducing the profitability of our operations.

We believe that hospital, outpatient surgery, physician, laboratory and other diagnostic and healthcare services will continue to be subject to intense regulation at the federal and state levels. We are unable to predict what additional government regulations, if any, affecting our business may be enacted in the future or how existing or future laws and regulations might be interpreted. If we, or any of our surgical facilities, fail to comply with applicable laws, it might have a material adverse effect on our business.

Certificates of Need and Licensure

Capital expenditures for the construction of new healthcare facilities, the addition of beds or new healthcare services or the acquisition of existing healthcare facilities may be reviewable by state regulators under statutory schemes that are sometimes referred to as certificate of need laws. States with certificate of need laws place limits on the construction and acquisition of healthcare facilities and the expansion of existing facilities and services. In these states, approvals, generally known as certificates of need, are required for capital expenditures exceeding certain preset monetary thresholds for the development, acquisition and/or expansion of certain facilities or services, including surgical facilities. We have a concentration of surgical facilities in certificate of need states as we believe the regulations present a competitive advantage to existing operators.

Our healthcare facilities also are subject to state licensing requirements for medical providers. Our ASC facilities have licenses to operate in the states in which they operate and must meet all applicable requirements for ASCs. In addition, even though our surgical facilities that are licensed as hospitals primarily provide surgical services, they must meet all applicable requirements for general hospital licensure. To assure continued compliance with these regulations, governmental and other authorities periodically inspect our surgical facilities. The failure to comply with these regulations could result in the suspension or revocation of a facility's license. In addition, based on the specific operations of our surgical facilities, some of these facilities maintain a pharmacy license, a controlled substance registration, a clinical laboratory certification waiver, and environmental protection permits for biohazards and/or radioactive materials, as required by applicable law.

Healthcare Reform

The Affordable Care Act has been subject to a number of challenges to its constitutionality. On June 28, 2012, the United States Supreme Court upheld challenges to the constitutionality of the "individual mandate" provision, which generally requires all individuals to purchase healthcare insurance or pay a penalty, but struck down as unconstitutional the provision that would have allowed the federal government to revoke all federal Medicaid funding to any state that did not expand its Medicaid program. As a result, many states have refused to extend Medicaid eligibility to more individuals as envisioned by the law.

On June 25, 2015, the United States Supreme Court upheld the legality of premium subsidies made available by the federal government to individuals residing in the 36 states that have federally-run health insurance exchanges. The subsidies are provided to low-income individuals to assist with the cost of purchasing health insurance through federally-run health insurance exchanges. Other legal challenges to the Affordable Care Act are pending.

Initiatives to repeal the Affordable Care Act, in whole or in part, to delay elements of implementation or funding, and to offer amendments or supplements to modify its provisions have been persistent and may increase as a result of the 2016 election. The ultimate outcomes of legislative attempts to repeal or amend the Affordable Care Act and legal challenges to the Affordable Care Act are unknown. Results of recent Congressional elections and the change of Presidential administrations beginning in 2017 could create a political environment in which substantial portions of the Affordable Care Act are repealed or revised. Specifically, President Donald Trump's 100 Day Action Plan calls for full repeal of the Affordable Care Act and its replacement with health savings accounts, cross-states sales of health insurance, and modifications to state-managed Medicaid programs. Nevertheless, prospects for rapid enactment of radical change in the health care regulatory landscape are not clear, and President Trump has indicated that certain provisions of the Affordable Care Act, such as provisions restraining the ability of insurers to deny or limit coverage based on pre-existing conditions or mandating that parents have the ability to extend insurance coverage to their children until they turn 26, should be preserved. On March 6, 2017, Republican leadership in the House of Representatives introduced legislation that would repeal substantial portions of the Affordable Care Act, including the individual mandate. The legislation would eliminate health care exchanges and would replace means-tested insurance premium subsidies with age-adjusted tax credits. The legislation would also limit federal funding available for the Affordable Care Act's Medicaid expansion and transition federal Medicaid funding to a per-capita cap basis by 2020. It remains unclear what portions of the Affordable Care Act may remain, or what any replacement or alternative programs may be created by any future legislation. Any such future repeal or replacement may have significant impact on the reimbursement for healthcare services generally, and may create reimbursement for services competing with the services offered by the Company. Accordingly, there can be no assurance that the adoption of any future federal or state healthcare reform legislation will not have a negative financial impact on the Company.

Moreover, other legislative changes have also been proposed and adopted since the Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments, will remain in effect through 2025 unless additional Congressional action is taken. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, further reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These and other similar new laws may result in additional reductions in Medicare and other health care funding, which could have a material adverse effect on our financial operations.

Medicare and Medicaid Private Contractor Audits

CMS has implemented a number of programs that use private contractors that contract with CMS to identify overpayments and underpayments and other potential sources of billing fraud. These contractors, known as Recovery Audit Contractors ("RACs") and Zone Program Integrity Contractors ("ZPICs") conduct both post-payment and pre-payment review of claims submitted by Medicare providers. In addition, CMS employs Medicaid Integrity Contractors ("MICs") to perform post-payment audits of Medicaid claims and identify overpayments. Our facilities and providers continue to receive letters from auditors such as RACs and ZPICs requesting repayment of alleged overpayments for services and incur expenses associated with responding to and appealing these determinations, as well as the costs of repaying any overpayments. Moreover, in recent years, the increase in Medicare payment appeals has created a backlog such that resolving appeals often takes multiple years.

For instance, we recently received the results of a MIC audit that resulted in an overpayment obligation. HMS Federal Solutions, a MIC, completed the audit of one of our surgical hospitals for the period July 1, 2009 through May 31, 2012 and determined an overpayment obligation in the amount of approximately $4.6 million based on its extrapolation of a statistical sampling of claims, as well as a civil monetary penalty in the amount of $162,000, for a total amount owed to Idaho's Department of Health and Welfare, Medicaid Program Integrity Unit of approximately $4.7 million for failure to comply with Medicaid rules by billing for (i) non-covered services, (ii) services provided by non-eligible providers, (iii) services not provided and (iv) unauthorized services. We have appealed the audit and are currently awaiting the result.

Although all other repayments requested to date as a result of RAC, MIC and ZPIC audits have not been material to our Company, we are unable to quantify the aggregate financial impact of these audits on our facilities given the pending appeals and uncertainty about the extent of future audits.

Quality Improvement

The Medicare program presently requires hospitals and ASCs to report performance data on a variety of quality metrics. Facilities that fail to report are penalized with reduced Medicare payments. Additionally, payments to hospitals are adjusted based on the hospital's performance on these quality measures. A substantial portion of hospital payment is at risk depending on its individual performance relative to benchmarks and other hospitals' performance. There is a substantial risk that our Medicare payments could be reduced if our hospitals fail to perform adequately on these measures. Additionally, there is a risk that Medicare payments could be reduced if our facilities-hospitals and ASCs-fail to adequate report data as required by CMS. ASC payments are not yet adjusted based on performance against quality measures, but there is a substantial risk that Congress may soon link ASC Medicare payments to actual performance, in addition to reporting.

If the public performance data becomes a primary factor in determining where patients choose to receive care, and if competing hospitals and ASCs have better results than our facilities on those measures, we would expect that our patient volumes could decline.

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Medicare and Medicaid Participation

The majority of our revenue is expected to continue to be received from third-party payors, including federal and state programs, such as Medicare and Medicaid, and commercial payors. To participate in the Medicare program and receive Medicare payment, our surgical facilities must comply with regulations promulgated by the Department of Health and Human Services ("HHS"). Among other things, these regulations, known as "conditions for coverage" or "conditions of participation," impose numerous requirements on our facilities, their equipment, their personnel and their standards of medical care, as well as compliance with all applicable state and local laws and regulations. On April 26, 2007, CMS issued a policy memorandum that reaffirmed its prior interpretation of its conditions of participation that all hospitals (other than critical access hospitals) participating in the Medicare program are required to provide basic emergency care interventions regardless of whether or not the hospital maintains an emergency department. Our five facilities licensed as hospitals are required to meet this requirement to maintain their participating provider status in the Medicare program. As of December 31, 2016, two of our hospitals, which do not have an emergency room, maintain a protocol for the transfer of patients requiring emergency treatment, which protocol may be interpreted as inconsistent with the 2007 CMS policy memorandum. Our surgical facilities must also satisfy the conditions of participation to be eligible to participate in the various state Medicaid programs. The requirements for certification under Medicare and Medicaid are subject to change and, in order to remain qualified for these programs, we may have to make changes from time to time in our facilities, equipment, personnel or services. Although we intend to continue to participate in these reimbursement programs, we cannot assure you that our surgical facilities will continue to qualify for participation.

The Affordable Care Act and its implementing regulations require a hospital to provide written disclosure of physician ownership interests to the hospital's patients and on the hospital's website and in any advertising, along with annual reports to the government detailing such interests. Additionally, hospitals that do not have 24/7 physician coverage are required to inform patients of this fact and receive signed acknowledgment from the patients of the disclosure. A hospital's provider agreement may be terminated if it fails to provide the required notices. In 2010, CMS issued a "self-referral disclosure protocol" for hospitals and other providers that wish to self-disclose potential violations of the Stark Law to CMS and to attempt to resolve those potential violations and any related overpayment liabilities at levels below the maximum penalties and amounts set forth in the statute. The disclosure requirements set forth in the Affordable Care Act and the self-referral disclosure protocol reflect a move towards increasing government scrutiny of the financial relationships between hospitals and referring physicians and increasing disclosure of potential violations of the Stark Law to the government by hospitals and other healthcare providers. We intend for all of our facilities to meet their disclosure obligations.

Survey and Accreditation

Hospitals and healthcare facilities are subject to periodic inspection by federal, state and local authorities to determine their compliance with applicable regulations and requirements necessary for licensing, certification and accreditation. All of our hospitals and surgical facilities currently are licensed under appropriate state laws and are qualified to participate in the Medicare and Medicaid programs. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections or other reviews generally conducted in the normal course of business of health facilities. Loss of, or limitations imposed on, licenses or accreditations could reduce a facility's utilization or revenue, or its ability to operate all or a portion of its facilities.

Utilization Review

Federal law contains numerous provisions designed to ensure that services rendered by hospitals to Medicare and Medicaid patients meet professionally recognized standards and are medically necessary and that claims for reimbursement are properly filed. These provisions include a requirement that a sampling of admissions of Medicare and Medicaid patients must be reviewed by quality improvement organizations, which review the appropriateness of Medicare and Medicaid patient admissions and discharges, the quality of care provided, the validity of MS-DRG classifications and the appropriateness of cases of extraordinary length of stay or cost. Quality improvement organizations may deny payment for services provided or assess fines and also have the authority to recommend to HHS that a provider which is in substantial noncompliance with the standards of the quality improvement organization be excluded from participation in the Medicare program. Utilization review is also a requirement of most non-governmental managed care organizations.

Federal Anti-Kickback Statute and Medicare Fraud and Abuse Laws

The Social Security Act includes provisions addressing false statements, illegal remuneration and other instances of fraud and abuse in federal health care programs. These provisions include the statute commonly known as the federal Anti-Kickback statute (the "Anti-Kickback Statute"). The Anti-Kickback Statute prohibits providers and others from, among other things, soliciting, receiving, offering or paying, directly or indirectly, any remuneration in return for either making a referral for, or ordering or arranging for, or recommending the order of, any item or service covered by a federal healthcare program, including, but not limited to, the Medicare and Medicaid programs. Violations of the Anti-Kickback Statute are criminal offenses punishable by imprisonment and fines of up to $25,000 for each violation. Civil violations are punishable by fines of up to $50,000 for each violation, as well as damages of up to three times the total amount of remuneration received from the government for healthcare claims.

Because physician-investors in our surgical facilities are in a position to generate referrals to the facilities, the distribution of available cash to those investors could come under scrutiny under the Anti-Kickback Statute. Some courts have held that the Anti-Kickback Statute is violated if one purpose (as opposed to a primary or the sole purpose) of a payment to a provider is to induce referrals. Further, Section 6402(f)(2) of the Affordable Care Act amends the Anti-Kickback Statute by adding a provision to clarify that a person need not have actual knowledge of such section or specific intent to commit a violation of the Anti-Kickback Statute. Because none of these cases involved a joint venture such as those owning and operating our surgical facilities, it is not clear how a court would apply these holdings to our activities. It is clear, however, that a physician's investment income from a surgical facility may not vary with the number of his or her referrals to the surgical facility, and we believe that we comply with this prohibition.

Under regulations issued by the OIG, certain categories of activities are deemed not to violate the Anti-Kickback Statute (commonly referred to as the safe harbors). According to the preamble to these safe harbor regulations, the failure of a particular business arrangement to

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comply with the regulations does not determine whether the arrangement violates the Anti-Kickback Statute. The safe harbor regulations do not make conduct illegal, but instead outline standards that, if complied with, protect conduct that might otherwise be deemed in violation of the Anti-Kickback Statute. Failure to meet a safe harbor does not indicate that the arrangement violates the Anti-Kickback Statute, although it may be subject to additional scrutiny.

We believe the ownership and operations of our surgery centers and hospitals do not fit wholly within any of the safe harbors, but we attempt to structure our ASCs to fit as closely as possible within the safe harbor designed to protect distributions to physician-investors in ASCs who directly refer patients to the ASC and personally perform the procedures at the center as an extension of their practice (the "ASC Safe Harbor"). The ASC Safe Harbor protects four categories of investors, including ASCs owned by (1) general surgeons, (2) single-specialty physicians, (3) multi-specialty physicians and (4) hospital/physician joint ventures, provided that certain requirements are satisfied. These requirements include the following:

- The ASC must be certified to participate in the Medicare program, and its operating and recovery room space must be dedicated exclusively to the center and not a part of a hospital (although such space may be leased from a hospital if such lease meets the requirements of the safe harbor for space rental).
- Each investor must be either (a) a physician who derived at least one-third of his or her medical practice income for the previous fiscal year or 12-month period from performing procedures on the list of Medicare-covered procedures for ASCs, (b) a hospital, or (c) a person or entity not in a position to make or influence referrals to the center, nor to provide items or services to the center, nor employed by the center or any investor.
- Unless all physician-investors are members of a single specialty, each physician-investor must perform at least one-third of his or her procedures at the ASC each year. This requirement is in addition to the requirement that the physician-investor has derived at least one-third of his or her medical practice income for the past year from performing procedures.
- Physician-investors must have fully informed their referred patients of the physician's investment.
- The terms on which an investment interest is offered to an investor are not related to the previous or expected volume of referrals, services furnished or the amount of business otherwise generated from that investor to the entity.
- Neither the ASC nor any other investor nor any person acting on their behalf may loan funds to or guarantee a loan for an investor if the investor uses any part of such loan to obtain the investment interest.
- The amount of payment to an investor in return for the investment interest is directly proportional to the amount of the capital investment (including the fair market value of any pre-operational services rendered) of that investor.
- All physician-investors, any hospital-investor and the center agree to treat patients receiving benefits or assistance under a federal healthcare program in a non-discriminatory manner.
- All ancillary services performed at the ASC for beneficiaries of federal healthcare programs must be directly and integrally related to primary procedures performed at the center and may not be billed separately.
- No hospital-investor may include on its cost report or any claim for payment from a federal healthcare program any costs associated with the ASC.
- The ASC may not use equipment owned by or services provided by a hospital-investor unless such equipment is leased in accordance with a lease that complies with the Anti-Kickback Statute equipment rental safe harbor and such services are provided in accordance with a contract that complies with the Anti-Kickback Statute personal services and management contract safe harbor.
- No hospital-investor may be in a position to make or influence referrals directly or indirectly to any other investor or the center.

We believe that the ownership and operations of our surgical centers will not satisfy this ASC Safe Harbor for investment interests in ASCs because, among other things, we or one of our subsidiaries will generally be an investor in and provide management services to each ASC. We cannot assure you that the OIG would view our activities favorably even though we strive to achieve compliance with the remaining elements of this safe harbor.

In addition, although we expect each physician-investor to utilize our ASCs as an extension of his or her practice and ask each physician-investor to certify this practice, we cannot assure you that all physician-investors will derive at least one-third of their medical practice income from performing Medicare-covered ASC procedures, perform one-third of their procedures at the centers or inform their referred patients of their investment interests. Interests in our joint venture ASCs are purchased at what we believe to be fair market value. Investors who purchase at a later time generally pay more for a given percentage interest than founding investors. The result is that while all investors are paid distributions in accordance with their ownership interests, for ASCs where there are later purchases, we cannot meet the safe harbor requirement that return on investment is directly proportional to the amount of capital investment. The OIG has on several occasions reviewed investments relating to ASCs, and in Advisory Opinion No. 07-05, raised concerns that (a) purchases of interests from physicians might yield gains on investment rather than capital infusion to the ASCs, (b) such purchases could be meant to reward or influence the selling physicians' referrals to the ASC or the hospital, and (c) such returns might not be directly proportional to the amount of capital invested. Nonetheless, we believe our fair market value purchase requirements and distribution policies comply with the Anti-Kickback Statute.

In OIG Advisory Opinion No. 09-09 (July 29, 2009), the OIG concluded that an arrangement involving an ASC joint venture between a hospital and physicians involving the combination of their two ASCs into a single, larger center presented minimal risk of fraud or abuse, despite the fact that it did not fit within any applicable Anti-Kickback safe harbors. Additionally, the OIG stated that fair market value should

be determined based only on the tangible assets of each facility since the physician investors are referral sources for the ASC. The OIG stated that a cash flow-based valuation of the business contributed by the physician investors potentially would include the value of the physician investors' referrals over the time that their ASC was in existence prior to the merger with the hospital's ASC. The OIG went on to note that a valuation involving intangible assets would not necessarily result in a violation of the Anti-Kickback Statute, but would require a review of all the facts and circumstances. It is not clear whether the OIG is concerned about using a cash flow-based valuation in most healthcare transactions involving referral sources, or just transactions, similar to this one, where the parties' contributions would be valued differently for contributing the same assets if only one party's contribution is valued as a going concern based on cash flow. Also, the OIG appears to be focused on historical cash flow rather than a projected, discounted cash flow, which is a commonly used valuation methodology. What is clear is that for the first time, the OIG addressed valuation methodologies, which could lead to increased scrutiny of all transactions involving physicians.

Our hospital investments do not fit wholly within the safe harbor for investments in small entities because more than 40.0% of the investment interests are held by investors who are either in a position to refer to the hospital or who provide services to the hospital and more than 40.0% of the hospital's gross revenue last year were derived from referrals generated by investors. However, we believe we comply with the remaining elements of the safe harbor.

In addition to the physician ownership in our surgical facilities, other financial relationships of ours with potential referral sources could potentially be scrutinized under the Anti-Kickback Statute. We have entered into management agreements to manage the majority of our surgical facilities. Most of these agreements call for our subsidiary to be paid a percentage-based management fee. Although there is a safe harbor for personal services and management contracts (the "Personal Services and Management Safe Harbor"), the Personal Services and Management Safe Harbor requires, among other things, that the amount of the aggregate compensation paid to the manager over the term of the agreement be set in advance. Because our management fees are generally based on a percentage of revenue, our management agreements do not typically meet this requirement. We do, however, believe that our management arrangements satisfy the other requirements of the Personal Services and Management Safe Harbor for personal services and management contracts. The OIG has taken the position in several advisory opinions that percentage-based management agreements are not protected by a safe harbor, and consequently, may violate the Anti-Kickback Statute. We have implemented formal compliance programs designed to safeguard against overbilling and believe that our management agreements comply with the requirements of the Anti-Kickback Statute. However, we cannot assure you that the OIG would find our compliance programs to be adequate or that our management agreements would be found to comply with the Anti-Kickback Statute.

Certain of our ASCs have entered into arrangements for professional services, including arrangements for anesthesia services. In a Special Advisory Bulletin issued in April 2003, the OIG focused on "questionable" contractual arrangements where a health care provider in one line of business (the "Owner") expands into a related health care business by contracting with an existing provider of a related item or service (the "Manager/Supplier") to provide the new item or service to the Owner's existing patient population, including federal health care program patients (so called "suspect Contractual Joint Ventures"). The Manager/Supplier not only manages the new line of business, but may also supply it with inventory, employees, space, billing, and other services. In other words, the Owner contracts out substantially the entire operation of the related line of business to the Manager/Supplier-otherwise a potential competitor-receiving in return the profits of the business as remuneration for its referrals. Through an Advisory Opinion, the OIG extended this suspect contractual joint venture analysis to arrangements between anesthesiologists and physician owners of ASCs. In Advisory Opinion 12-06, the OIG concluded that certain proposed arrangements between anesthesia groups and physician-owned ASCs could result in prohibited remuneration under the federal Anti-Kickback Statute. We believe our arrangements for anesthesia services are distinguishable from those described in Advisory Opinion 12-06 (May 25, 2012) and are in compliance with the requirements of the federal Anti-Kickback Statute. However, we cannot assure you that regulatory authorities would agree with that position.

We also may guarantee a surgical facility's third-party debt financing and certain lease obligations as part of our obligations under a management agreement. Physician investors are generally not required to enter into similar guarantees. The OIG might take the position that the failure of the physician investors to enter into similar guarantees represents a special benefit to the physician investors given to induce patient referrals and that such failure constitutes a violation of the Anti-Kickback Statute. We believe that the management fees (and in some cases guarantee fees) are adequate compensation to us for the credit risk associated with the guarantees and that the failure of the physician investors to enter into similar guarantees does not create a material risk of violating the Anti-Kickback Statute. However, the OIG has not issued any guidance in this regard.

The OIG is authorized to issue advisory opinions regarding the interpretation and applicability of the Anti-Kickback Statute, including whether an activity constitutes grounds for the imposition of civil or criminal sanctions. We have not, however, sought such an opinion regarding any of our arrangements. If it were determined that our activities, or those of our surgical facilities or hospitals, violate the Anti-Kickback Statute, we, our subsidiaries, our officers, our directors and each surgical facility and hospital investor could be subject, individually, to substantial monetary liability, prison sentences and/or exclusion from participation in any healthcare program funded in whole or in part by the U.S. government, including Medicare, Medicaid, TRICARE or state healthcare programs.

Evolving interpretations of current, or the adoption of new, federal or state laws or regulations could affect many of our arrangements. Law enforcement authorities, including the OIG, the courts and Congress, are increasing their scrutiny of arrangements between healthcare providers and potential referral sources to ensure that the arrangements are not designed as a mechanism to exchange remuneration for patient care referrals or opportunities. Investigators have also demonstrated a willingness to look behind the formalities of a business transaction to determine the underlying purposes of payments between healthcare providers and potential referral sources.

Federal Physician Self-Referral Law

Congress has enacted the federal physician self-referral law, or Stark Law, that prohibits certain self-referrals for healthcare services. As currently enacted, the Stark Law prohibits a practitioner, including a physician, dentist or podiatrist, from referring patients to an entity with which the practitioner or a member of his or her immediate family has a "financial relationship" for the provision of certain "designated

health services" that are paid for in whole ar in part by Medicare or Medicaid unless an exception applies. The term "financial relatianship" is broadly defined and ineludes most types of ownership and compensation relationships. The Stark Law also prohibits the entity from seeking payment from Medicare or Medicaid for services that are rendered through a prohibited referral. If an entity is paid for services pravided through a prohibited referral, it may be required to refund the payments. Violations of the Stark Law may also result in the imposition of damages equal to three times the amount improperly claimed and civil monetary penalties of up to $15,000 per prohibited claim and $100,000 per prohibited circumvention scheme and exclusion from participation in the Medicare nnd Medicnid programs. For the purposes of the Stark Law, the term "designated health services" is defined to include:

- elinical laboratory services;
- physical therapy services;
- occupational therapy services;
- radiology services, including magnetic resonance imaging, computerized axial tamography scan and ultrasound services;
- radiation therapy services and supplies;
- durable medical equipment and supplies;
- parenteral and enteral nutrients, equipment and supplies;
- prosthetics, orthotics and prosthetic devices and supplies;
- home health services;
- outpatient prescription drugs; and
- inpatient and outpatient hospital services.

The list of designated health services does not, however, include surgical services that are provided in ASCs. Furthermore, in final Stark Law regulations published by HHS on January 4, 2001, the term "designated health services" was specifically defined to not include services that are reimbursed by Medicare as part of a composite rate, such as services that are provided in ASCs. However, if designated health services are provided by an ASC and separately billed, referrals to the ASC by a physician-investor would be prohibited by the Stark Law. Because our facilities that are licensed as ASCs da not have independent laboratories and do not provide designated health services apart from surgical services, we da not believe referrals to these facilities by physician-investors are prohibited. If legislation or regulations are implemented that prohibit physicians from referring patients to surgical facilities in which the physician has a beneficial interest, our business and financial results would be materially adversely affected.

Five of our facilities are licensed as hospitals as of December 31, 2016. The Stark Law currently includes the Whole Hospital Exception, which applies to physician ownership of a hospital, provided such ownership is in the whole hospital and the physician is authorized to perform services at the hospital. We believe that physician investments in our facilities licensed as hospitals meet this requirement. However, changes tn the Whole Hospital Exception have been the subject of recent regulatory action and legislatian. Changes in the Affordable Care Act include:

- a prohibition on hospitals from having any physician ownership unless the hospital already had physician ownership and a Medicare provider agreement in effect as of December 31, 2010;
- a limitation on the percentage of total physician ownership or investment interests in the hospital or entity whose assets include the hospital to the percentage of physician ownership or investment as of March 23, 2010;
- n prohibitian from expanding the number of beds, operating rooms, and procedure rooms for which it is licensed after March 23, 2010, unless the hospital obtains an exception from the Secretary;
- a requirement that return on investment be proportionate to the investment by each investor;
- restrictions on preferential treatment of physician versus non-physician investors;
- a requirement for written disclosures of physician ownership interests to the hospital's patients and on the hospital's website and in any advertising, along with annual reports to the government detailing such interests;
- a prohibition on the hospital or other investors from providing financing to physician investors;
- a requirement that any hospital that does not have 24/7 physician coverage inform patients of this fact and receive signed acknowledgments from the patients of the disclosure; and
- a prohibition on "grandfathered" status for any physician owned hospital that converted from an ASC to a hospital on or after March 23, 2010.

The Affordable Care Act also requires that each hospital with physician ownership submit an annual report of ownership and/or investment interest. Our hospitals have submitted their first reports. CMS has delayed the collection of the second report and publication of the first annual report. We cannot predict whether other proposed amendments to the Whole Hospital Exception will be included in any future legislation, including a repeal of the Affordable Care Act, or if Congress will adopt any similar provisions that would prohibit or otherwise restrict physicians from holding ownership interests in hospitals. Any such changes could have an adverse effect on our financial condition and results of operations.

In addition to the physician ownership in our surgical facilities, we have other financial relationships with potential referral sources that potentially could be scrutinized under the Stark Law. We have entered into personal service agreements, such as medical director

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agreements, with physicians at our hospitals. We believe that our agreements with referral sources satisfy the requirements of the personal service arrangements exception to the Stark Law and have implemented formal compliance programs designed to ensure continued compliance. However, we cannot assure you that the OIG or CMS would find our compliance programs to be adequate or that our agreements with referral sources would be found to comply with the Stark Law.

False and Other Improper Claims

The U.S. government is authorized to impose criminal, civil and administrative penalties on any person or entity that files a false claim for payment from the Medicare or Medicaid programs or other federal and state healthcare programs. Claims filed with private insurers can also lead to criminal and civil penalties, including, but not limited to, penalties relating to violations of federal mail and wire fraud statutes, as well as penalties under the anti-fraud provisions of HIPAA. While the criminal statutes are generally reserved for instances of fraudulent intent, the U.S. government is applying its criminal, civil and administrative penalty statutes in an ever-expanding range of circumstances. For example, the U.S. government has taken the position that a pattern of claiming reimbursement for unnecessary services violates these statutes if the claimant merely should have known the services were unnecessary, even if the government cannot demonstrate actual knowledge. The U.S. government has also taken the position that claiming payment for low-quality services is a violation of these statutes if the claimant should have known that the care being provided was substandard.

Over the past several years, the U.S. government has investigated an increasing number of healthcare providers for potential violations of the federal False Claims Act. The federal False Claims Act prohibits a person from knowingly presenting, or causing to be presented, a false or fraudulent claim to the U.S. government. The statute defines "knowingly" to include not only actual knowledge of a claim's falsity, but also reckless disregard for or intentional ignorance of the truth or falsity of a claim. The Fraud Enforcement and Recovery Act of 2009 further expanded the scope of the False Claims Act by, among other things, creating liability for knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government. The Affordable Care Act also created federal False Claims Act liability for the knowing failure to report and return an overpayment within 60 days of the identification of the overpayment or the date by which a corresponding cost report is due, whichever is later. This requirement has led to an increasing use of the self-disclosure protocols that have been implemented by CMS, the OIG and other governmental agencies by the healthcare industry. The Affordable Care Act also provided that claims submitted in connection with patient referrals that result from violations of the Anti-Kickback Statute constitute false claims for the purposes of the federal False Claims Act, and some courts have held that a violation of the Stark Law can result in False Claims Act liability as well. Because our surgical facilities perform hundreds of similar procedures a year for which they are paid by Medicare and other government health care programs, and there is a relatively long statute of limitations, a billing error or cost reporting error could result in significant civil or criminal penalties.

Under the qui tam, or whistleblower, provisions of the False Claims Act, private parties may bring actions on behalf of the U.S. government. These private parties, often referred to as relators, are entitled to share in any amounts recovered by the government through trial or settlement. Both whistleblower lawsuits and direct enforcement activity by the government have increased significantly in recent years and have increased the risk that a healthcare company, like us, will have to defend a false claims action, pay fines or be excluded from the Medicare and Medicaid programs and other federal and state healthcare programs as a result of an investigation resulting from a whistleblower case. Although we believe that our operations materially comply with both federal and state laws, they may nevertheless be the subject of a whistleblower lawsuit or may otherwise be challenged or scrutinized by governmental authorities. Providers found liable for False Claims Act violations are subject to damages of up to three times the actual damage sustained by the government plus mandatory civil monetary penalties between $5,500 and $11,000 for each separate false claim. A determination that we have violated these laws could have a material adverse effect on us.

Other Fraud and Abuse Laws

The Medicare Patient and Program Protection Act of 1987, as amended by the Health Insurance Portability and Accountability Act of 1996, ("HIPAA"), and the Balanced Budget Act of 1997, impose civil monetary penalties and exclusion from state and federal healthcare programs on providers who commit violations of fraud and abuse laws. HIPAA authorizes the Secretary of the Department of Health & Human Services ("Secretary"), and in some cases requires the Secretary, to exclude individuals and entities that the Secretary determines have "committed an act" in violation of applicable fraud and abuse laws or improperly filed claims in violation of such laws from participating in any federal healthcare program. HIPAA also expanded the Secretary's authority to exclude a person involved in fraudulent activity from participating in a program providing health benefits, whether directly or indirectly, in whole or in part, by the U.S. government. Additionally, under HIPAA, individuals who hold a direct or indirect ownership or controlling interest in an entity that is found to violate these laws may also be excluded from Medicare and Medicaid and other federal and state healthcare programs if the individual knew or should have known, or acted with deliberate ignorance or reckless disregard of, the truth or falsity of the information of the activity leading to the conviction or exclusion of the entity, or where the individual is an officer or managing employee of such entity. This standard does not require that specific intent to defraud be proven by OIG. Under HIPAA it is also a crime to defraud any commercial healthcare benefit program.

Federal and State Privacy and Security Requirements

On January 16, 2009, CMS published its 10th Edition of International Statistical Classification of Diseases and Related Health Problems ("ICD-10") and related changes to the formats used for certain electronic transactions. ICD-10 contains significantly more diagnostic and procedural codes than the existing ICD-9 coding system, and as a result, the coding for the services provided in our surgical facilities and hospitals require much greater specificity. ICD-10 has required a significant investment in technology and training. We met CMS's October 1, 2015 deadline for ICD-10 implementation.

We are subject to HIPAA, including The HITECH Act, which was enacted as part of The American Recovery and Reinvestment Act of 2009. The HITECH Act strengthened the requirements and significantly increased the penalties for violations of the HIPAA privacy and security regulations. On January 25, 2013, HHS issued the HIPAA Omnibus Rule, which became effective on March 26, 2013. Prior to the

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HIPAA Omnibus Rule, the HITECH Act required us to notify patients of any unauthorized access, acquisition, or disclosure of their unsecured protected health information that poses significant risk of financial, reputational or other harm to a patient. The HIPAA Omnibus Rule eliminated this harm threshold standard and instead we are now required to notify patients of any unauthorized access, acquisition, or disclosure of their unsecured protected health information in all situations except those in which we can demonstrate that there is a low probability that the protected health information has been compromised. We now have the burden of demonstrating through a risk assessment that a breach of protected health information has not occurred. This new more objective standard may lead to an increased number of occurrences that require breach notifications. In addition, the HIPAA Omnibus Rule also modified the following aspects of the HIPAA privacy and security regulations:

- makes our facilities' business associates directly liable for compliance with certain of HIPAA's requirements;
- makes our facilities liable for violations by their business associates if HHS determines an agency relationship exists between the facility and the business associate under federal agency law;
- adds limitations on the use and disclosure of health information for marketing and fund-raising purposes, and prohibits the sale of protected health information without individual authorization;
- expands our patients' rights to receive electronic copies of their health information and to restrict disclosures to a health plan concerning treatment for which our patient has paid out of pocket in full;
- requires modifications to, and redistribution of, our facilities' notice of privacy practices;
- requires modifications to existing agreements with business associates;
- adopts the additional HITECH Act provisions not previously adopted addressing enforcement of noncompliance with HIPAA due to willful neglect;
- incorporates the increased and tiered civil money penalty structure provided by the HITECH Act; and
- revises the HIPAA privacy rule to increase privacy protections for genetic information as required by the Genetic Information Nondiscrimination Act of 2008.

The HIPAA privacy standards apply to individually identifiable information held or disclosed by a covered entity in any form, whether communicated electronically, on paper or orally. These standards impose extensive administrative requirements on us. These standards require our compliance with rules governing the use and disclosure of this health information. They create rights for patients in their health information, such as the right to amend their health information, and they require us to impose these rules, by contract, on any business associate to whom we disclose such information in order to perform functions on our behalf.

The HIPAA security standards require us to establish and maintain reasonable and appropriate administrative, technical and physical safeguards to ensure the integrity, confidentiality and the availability of electronic protected health and related financial information. Although the security standards do not reference or advocate a specific technology, and covered healthcare providers, plans and clearinghouses have the flexibility to choose their own technical solutions, the security standards have required us to implement significant new systems, business procedures and training programs.

Violations of the HIPAA privacy and security regulations may result in civil and criminal penalties. The HITECH Act strengthened the requirements of the HIPAA privacy and security regulations and significantly increased the penalties for violations by introducing a tiered penalty system, with penalties of up to $50,000 per violation with a maximum civil penalty of $1.5 million in a calendar year for violations of the same requirement. However, a single breach incident can result in violations of multiple requirements, resulting in possible penalties well in excess of $1.5 million. Under the HITECH Act, HHS is required to conduct periodic compliance audits of covered entities and their business associates. The HITECH Act and the HIPAA Omnibus Rule also extend the application of certain provisions of the security and privacy regulations to business associates and subjects business associates to civil and criminal penalties for violation of the regulations.

The HITECH Act authorizes State Attorneys General to bring civil actions seeking either an injunction or damages in response to violations of HIPAA privacy and security regulations or the new data breach law that affects the privacy of their state residents. We expect vigorous enforcement of the HITECH Act's requirements by HHS and State Attorneys General. Additionally, HHS conducted a pilot audit program that concluded December 2012 in the first phase of HHS' implementation of the HITECH Act's requirements of periodic audits of covered entities and business associates to ensure their compliance with the HIPAA privacy and security regulations. HHS has allocated increased funding towards HIPAA enforcement activity and such enforcement activity has seen a marked increase over recent years. We cannot predict whether our surgical facilities will be able to comply with the final rules and the financial impact to our surgical facilities in implementing the requirements under the final rules when they take effect, or whether our hospitals will be selected for an audit, or the results of such an audit.

Our facilities also remain subject to any state laws that relate to privacy or the reporting of data breaches that are more restrictive than the regulations issued under HIPAA and the requirements of the HITECH Act. For example, various state laws and regulations may require us to notify affected individuals in the event of a data breach involving certain personal information, such as social security numbers, dates of birth and credit card information.

Adoption of Electronic Health Records

The HITECH Act includes provisions designed to increase the use of EHR by both physicians and hospitals. Beginning in 2011 and extending through 2016, eligible hospitals may receive incentive payments based upon successfully demonstrating meaningful use of its certified EHR technology. Beginning in 2015, those hospitals that do not successfully demonstrate meaningful use of EHR technology are subject to reduced payments from Medicare. EHR meaningful use objectives and measures that hospitals and physicians must meet in order to qualify for incentive payments will be implemented in three stages. Stage 1 has been in effect since 2011 and Stage 2 took effect for

hospitals beginning in fiscal year 2014. On October 16, 2015, CMS published a final rule that consolidated Stage 1 and Stage 2 into a "Modified Stage 2" effective as of 2015 and set out requirements for Stage 3, which is set to take full effect in 2018. In connection with the acquisition of Symbion, we acquired six surgical facilities that are licensed as hospitals, five of which we own as of December 31, 2016. These hospitals began the implementation of EHR initiatives in 2012. We strive to comply with the EHR meaningful use requirements of the HITECH Act so as to qualify for incentive payments. Continued implementation of EHR and compliance with the HITECH Act will result in significant costs. We recorded income from electronic health record incentives of $408,000, $1.8 million and $3.4 million which was recognized during the years ended December 31, 2016, 2015 and 2014, respectively. We incurred negligible costs for hardware, software and implementation expenses during the same periods.

HIPAA Administrative Simplification Requirements

The HIPAA transaction regulations were issued to encourage electronic commerce in the healthcare industry. These regulations include standards that healthcare providers must follow when electronically transmitting certain healthcare transactions, such as healthcare claims.

Emergency Medical Treatment and Active Labor Act

Our hospitals are subject to the Emergency Medical Treatment and Active Labor Act ("EMTALA"). This federal law requires any hospital that participates in the Medicare program to conduct an appropriate medical screening examination of every person who presents to the hospital's emergency department for treatment and, if the patient is suffering from an emergency medical condition, to either stabilize that condition or make an appropriate transfer of the patient to a facility that can handle the condition. The obligation to screen and stabilize emergency medical conditions or transfer exists regardless of a patient's ability to pay for treatment. Off-campus facilities such as surgery centers that lack emergency departments or otherwise do not treat emergency medical conditions generally are not subject to EMTALA. They must, however, have policies in place that explain how the location should proceed in an emergency situation, such as transferring the patient to the closest hospital with an emergency department. There are severe penalties under EMTALA if a hospital fails to screen or appropriately stabilize or transfer a patient or if the hospital delays appropriate treatment in order to first inquire about the patient's ability to pay, including civil monetary penalties and exclusion from participation in the government health care programs. In addition, an injured patient, the patient's family or a medical facility that suffers a financial loss as a direct result of another hospital's violation of the law can bring a civil suit against that other hospital. CMS has actively enforced EMTALA and has indicated that it will continue to do so in the future. Although we believe that our hospitals comply with EMTALA, we cannot predict whether CMS will implement new requirements in the future and, if so, whether our hospitals will comply with any new requirements.

State Regulation

Many of the states in which our surgical facilities operate have adopted statutes and/or regulations that prohibit the payment of kickbacks or any type of remuneration in exchange for patient referrals and that prohibit healthcare providers from, in certain circumstances, referring a patient to a healthcare facility in which the provider has an ownership or investment interest. While these statutes generally mirror the federal Anti-Kickback Statute and Stark Law, they vary widely in their scope and application. Some are specifically limited to healthcare services that are paid for in whole or in part by the Medicaid program; others apply to all healthcare services regardless of payor; and others apply only to state-defined designated services, which may differ from the designated health services under the Stark Law. In addition, many states have adopted statutes that mirror the False Claims Act and that prohibit the filing of a false or fraudulent claim with a state governmental agency. We intend to comply with all applicable state healthcare laws, rules and regulations. However, these laws, rules and regulations have typically been the subject of limited judicial and regulatory interpretation. As a result, we cannot assure you that our surgical facilities will not be investigated or scrutinized by the governmental authorities empowered to do so or, if challenged, that their activities would be found to be lawful. A determination of non-compliance with the applicable state healthcare laws, rules, and regulations could subject our surgical facilities to civil and criminal penalties and could have a material adverse effect on our operations.

We are also subject to various state insurance statutes and regulations that prohibit us from submitting inaccurate, incorrect or misleading claims. Many state insurance laws and regulations are broadly worded and could be implicated, for example, if our surgical facilities were to adjust an out-of-network co-payment or other patient responsibility amounts without fully disclosing the adjustment on the claim submitted to the payor. While some of our surgical facilities adjust the out-of-network costs of patient co-payment and deductible amounts to reflect in-network co-payment costs when providing services to patients whose health insurance is covered by a payor with which the surgical facilities are not contracted, our policy is to fully disclose adjustments in the claims submitted to the payors. We believe that our surgical facilities are in compliance with all applicable state insurance laws and regulations regarding the submission of claims. We cannot assure you, however, that none of our surgical facilities' insurance claims will ever be challenged. If we were found to be in violation of a state's insurance laws or regulations, we could be forced to discontinue the violative practice, which could have an adverse effect on our financial position and results of operations, and we could be subject to fines and criminal penalties.

Fee Splitting; Corporate Practice of Medicine

The laws of many states prohibit physicians from splitting fees with non-physicians (i.e., sharing in a percentage of professional fees), prohibit non-physician entities (such as us) from practicing medicine and exercising control over or employing physicians and prohibit referrals to facilities in which physicians have a financial interest. The existence, interpretation and enforcement of these laws vary significantly from state to state. In light of these restrictions, in certain states we facilitate the provision of physician services by maintaining long-term management services agreements through our subsidiaries with affiliated professional contractors, which employ or contract with physicians and other healthcare professionals to provide physician professional services. Under these arrangements, our subsidiaries perform only non-medical administrative services, do not represent that they offer medical services and do not exercise influence or control over the practice of medicine by the physicians employed by the affiliated professional contractors. Although we believe that the fees we receive from affiliated professional contractors have been structured in a manner that is compliant with applicable fee-splitting laws, it is possible that a government regulator could interpret such fee arrangements to be in violation of certain fee-splitting laws. Future interpretations of, or changes in, these laws might require structural and organizational modifications of our existing relationships, and we cannot assure you that

we would be able to appropriately modify such relationships. In addition, statutes in some states could restrict our expansion into those states.

Clinical Laboratory Regulation

Our clinical laboratories are subject to federal oversight under the Clinical Laboratory Improvement Amendments of 1988 ("CLIA") which extends federal oversight to virtually all clinical laboratories by requiring that they be certified by the federal government or by a federally-approved accreditation agency. CLIA requires that all clinical laboratories meet quality assurance, quality control and personnel standards. Laboratories also must undergo proficiency testing and are subject to inspections. Standards for testing under CLIA are based on the complexity of the tests performed by the laboratory, with tests classified as "high complexity," "moderate complexity," or "waived." Laboratories performing high complexity testing are required to meet more stringent requirements than moderate complexity laboratories. Laboratories performing only waived tests, which are tests determined by the Food and Drug Administration to have a low potential for error and requiring little oversight, may apply for a certificate of waiver exempting them from most of the requirements of CLIA. Our operations also subject to state and local laboratory regulation. CLIA provides that a state may adopt laboratory regulations different from or more stringent than those under federal law, and a number of states have implemented their own laboratory regulatory requirements. State laws may require that laboratory personnel meet certain qualifications, specify certain quality controls, or require maintenance of certain records. We believe that we are in material compliance with all applicable laboratory requirements, but no assurances can be given that our laboratories will pass all future licensure or certification inspections.

Regulatory Compliance Program

It is our policy to conduct our business with integrity and in compliance with the law. We have in place and continue to enhance a company-wide compliance program that focuses on all areas of regulatory compliance including billing, reimbursement, cost reporting practices and contractual arrangements with referral sources.

This regulatory compliance program is intended to help ensure that high standards of conduct are maintained in the operation of our business and that policies and procedures are implemented so that employees act in full compliance with all applicable laws, regulations and company policies. Under the regulatory compliance program, every employee and certain contractors involved in patient care, and coding and billing, receive initial and periodic legal compliance and ethics training. In addition, we regularly monitor our ongoing compliance efforts and develop and implement policies and procedures designed to foster compliance with the law. The program also includes a mechanism for employees to report, without fear of retaliation, any suspected legal or ethical violations to their supervisors, designated compliance officers in our facilities, our compliance hotline or directly to our corporate compliance office. We believe our compliance program is consistent with standard industry practices. However, we cannot provide any assurances that our compliance program will detect all violations of law or protect against qui tam suits or government enforcement actions.

Where You Can Find More Information

As a result of the initial public offering of the shares of our common stock, we must now file reports and other information with the SEC, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The Company makes available on or through the "Investors-SEC Filings" page of its website at www.surgerypartners.com, free of charge, copies of such reports and amendments to those reports (along with certain other Company filings with the SEC), as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC.

Such reports (and amendments to those reports), along with certain other Company filings and information, can also be inspected and copied at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials can be obtained from the Public Reference Room of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Such materials may also be accessed electronically by means of the SEC's website at www.sec.gov.

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Item 1A. Risk Factors

We are subject to risks and uncertainties that could cause our actual financial condition, results of operations, business and prospects to differ materially from those contemplated by the forward-looking statements contained in this report or our other filings with the SEC. Some of these risks and uncertainties are discussed below. If any of the following risks, or other risks and uncertainties, actually occurred, our business, financial condition and operating results could suffer.

Risks Related to Our Business and Industry

We depend on payments from third-party payors, including government healthcare programs and managed care organizations. If these payments are reduced or eliminated, our revenue and profitability could be materially and adversely affected.

We depend upon private and governmental third-party sources of payment for the services provided by physicians in our physician network, to patients in our surgical facilities and by our laboratory and diagnostic services. The amount that we receive in payment for our services may be adversely affected by market and cost factors that we do not control, including Medicare, Medicaid and state regulation changes, cost containment decisions and changes in reimbursement schedules of payors, legislative changes, refinements to the Medicare Ambulatory Surgery Center payment system and refinements made by CMS to Medicare's reimbursement policies. For instance, cuts to the federal budget caused a 2.0% reduction in Medicare provider payments starting in 2013. Similarly, third-party payors may be successful in negotiating reduced reimbursement schedules with our facilities. Fixed fee schedules, capitation payment arrangements, exclusion from participation in or inability to reach agreements with managed care programs, reduction or elimination of payments or an increase in the payments at a rate that is less than the increase in our costs, or other factors affecting payments for healthcare services over which we have no control could have a material adverse effect on our business, prospects, results of operations and financial condition.

If we are unable to negotiate and enter into favorable contracts or maintain satisfactory relationships and renew existing contracts on favorable terms with managed care organizations or other private third-party payors, our revenue and profitability may decrease.

Payments from private third-party payors, including state workers' compensation programs and managed care organizations, represented approximately 51%, 55% and 52% of our patient service revenue for the years ended December 31, 2016, 2015 and 2014, respectively. Most of these payments came from third-party payors with which our facilities have contracts. Managed care companies such as HMOs and PPOs, which offer prepaid and discounted medical service packages, represent a growing segment of private third-party payors. If we fail to enter into favorable contracts or maintain satisfactory relationships with managed care organizations, our revenue may decrease. Our competitive position has been, and will continue to be, affected by initiatives undertaken during the past several years by major purchasers of healthcare services, including insurance companies and employers, to revise payment methods and monitor healthcare expenditures in an effort to contain healthcare costs. For instance, managed care payors may lower reimbursement rates in response to increased obligations on payors imposed by the Affordable Care Act or future reductions in Medicare reimbursement rates. Further, managed care payors may narrow their provider networks in response to the need to negotiate lower reimbursement rates with providers. If we are unable to maintain strong relationships with payors, we may not be able to ensure participation in these narrow provider networks. Cost containment measures, such as fixed fee schedules, capitation payment arrangements, reductions in reimbursement schedules by third-party payors and closed provider networks, could also cause a reduction of our revenue in the future.

Some of our payments from third-party payors come from third-party payors with which our surgical facilities, physicians or subsidiaries that provide diagnostic services do not have a contract. In those cases where we provide services to a patient that does not use a third-party payor with which we have contracted, commonly known as "out-of-network" services, we generally charge the patients the same co-payment or other patient responsibility amounts that we would have charged had our surgical facilities had a contract with the payor. In accordance with insurance laws and regulations, we submit a claim for the services to the payor along with full disclosure that our surgical facility has charged the patient an in-network patient responsibility amount. Historically, those third-party payors who do not have contracts with our surgical facilities typically have paid our claims at higher than comparable contracted rates. However, over the past five years we have observed an increase in third-party payors adopting out-of-network fee schedules that are more comparable to our contracted rates or to take other steps to discourage their enrollees from seeking treatment at out-of-network surgical facilities. In these cases, we seek to enter into contracts with the payors.

Payments from workers' compensation payors represented approximately 5% of our patient service revenue for the year ended December 31, 2016. A majority of states have implemented workers' compensation provider fee schedules. In some cases, the fee schedule rates contain lower rates than the rates our surgical facilities have historically been paid for the same services. If states reduce the amounts paid to providers under the workers' compensation fee schedules, it could have a material adverse effect on our financial condition and results of operations.

Significant changes in our payor mix or surgical case mix resulting from fluctuations in the types of cases performed at our facilities could have a material adverse effect on our business, prospects, results of operations and financial condition.

Our results may change from period to period due to fluctuations in payor mix or surgical case mix or other factors relating to the type of cases performed by physicians at our facilities. Payor mix refers to the relative share of total cases provided to patients with no insurance, commercial insurance, Medicare coverage, Medicaid coverage and workers' compensation insurance, respectively. Since, generally speaking, we receive relatively higher payment rates from commercial and workers' compensation insurers than Medicare, Medicaid and other government-funded programs, a significant shift in our payor mix toward a higher percentage of Medicare and Medicaid cases, which could occur for reasons beyond our control, could have an adverse effect on our business, prospects, results of operations and financial condition.

Surgical case mix refers to the relative share of total cases performed by specialty, such as GI, general surgery, ophthalmology, orthopedic and pain management. Generally speaking, certain types of our cases, such as orthopedic cases, generate relatively higher

revenue than other types of cases, such as pain management and GI cases. Therefore, a significant shift in our surgical case mix toward a higher percentage of lower revenue cases, which could occur for reasons beyond our control, could result in a material adverse effect on our business, prospects, results of operations and financial condition.

As we operate in multiple markets, each with a different competitive landscape, shifts within our payor mix or surgical case mix may not be uniform across all of our affiliated facilities. Rather, these shifts may be concentrated within certain markets due to local competitive factors. Therefore, the results of our individual affiliated facilities, including facilities that are material to our results, may be volatile, which could result in a material adverse effect on our business, prospects, results of operations and financial condition.

We have a history of net losses and may not achieve or sustain profitability in the future.

Although we have net income in 2016 and 2015 of $9.5 million and $1.4 million, respectively, we have historically incurred periods of net losses, including net losses of approximately $65.9 million in 2014, which includes a $21.7 million loss attributable to a one-time transaction cost associated with the acquisition of Symbion and a loss on debt extinguishment of $23.4 million. We cannot assure you that our revenue will grow or that we will achieve or maintain profitability in the future. Growth of our revenue may slow or revenue may decline and expenses may increase for a number of possible reasons, including reduced demand for our services, regulatory shifts, failure to successfully continue to integrate the operations of Surgery Partners and Symbion and other risks and uncertainties. Even if we have achieved profitability during 2016 and 2015, we may not sustain or increase profitability on a quarterly or annual basis in the future. Our ability to achieve profitability will be affected by the other risks and uncertainties described in this section and in "Management's Discussion and Analysis of Financial Condition and Results of Operations." All of these factors could contribute to future net losses and, if we are unable to meet these risks and challenges as we encounter them, our business may suffer. If we are not able to achieve, sustain or increase profitability, our business will be adversely affected and our stock price may decline.

We depend on physician utilization of our surgical facilities, which could decrease if we fail to maintain good relationships with affiliated physicians. Our ability to provide medical services at our facilities would be impaired and our revenue reduced if we are not able to maintain these relationships.

Our business depends, among other things, upon the efforts and success of affiliated physicians who provide medical services at our surgical facilities and the strength of our relationships with these physicians. Most physicians are not employees of our surgical facilities and are not contractually required to use our facilities. We generally do not enter into contracts with physicians who use our surgical facilities, other than partnership and operating agreements with physicians who own interests in our surgical facilities, provider agreements with anesthesiology groups that provide anesthesiology services in our surgical facilities, medical director agreements, among others. Physicians who use our surgical facilities also use other facilities or hospitals and may choose to perform procedures in an office-based setting that might otherwise be performed at our surgical facilities. In recent years, pain management and gastrointestinal procedures have been performed increasingly in an office-based setting because of potential cost savings or better access. Although physicians who own interests in our surgical facilities are subject to agreements restricting ownership of competing facilities, these agreements may not restrict procedures performed in a physician office or in other unrelated facilities. Also, these agreements restricting ownership of competing facilities are difficult to enforce, and we may be unsuccessful in preventing physicians who own interests in our surgical facilities from acquiring interests in competing facilities.

The financial success of our facilities is in part dependent upon the volume of procedures performed by the physicians who use our facilities, which is affected by the economy, healthcare reform, increases in patient co-payments and deductibles and other factors outside our or their control. The physicians who use our surgical facilities may choose not to accept patients who pay for services through certain third-party payors, which could reduce our revenue. From time to time, we may have disputes with physicians who use our surgical facilities and/or own interests in our surgical facilities or our Company. Our revenue and profitability could be significantly reduced if we lost our relationship with one or more key physicians or groups of physicians, or if such physicians or groups reduce their use of any of our surgical facilities. In addition, any damage to the reputation of a key physician or group of physicians or the failure of these physicians to provide quality medical care or adhere to professional guidelines at our surgical facilities could damage our reputation, subject us to liability and significantly reduce our revenue.

Physician treatment methodologies and governmental or commercial health insurance controls designed to reduce the number of surgical procedures may reduce our revenue and profitability.

Controls imposed by Medicare and Medicaid, employer-sponsored healthcare plans and commercial health insurance payors designed to reduce surgical volumes, in some instances referred to as "utilization review," could adversely affect our facilities. Although we are unable to predict the effect these changes will have on our operations, significant limits on the scope of services reimbursed and on reimbursement rates and fees may reduce our revenue and profitability. Additionally, trends in physician treatment protocols and commercial health insurance plan design, such as plans that shift increased costs and accountability for care to patients, could reduce our surgical volumes in favor of lower intensity and lower cost treatment methodologies, each of which could, in turn, have a material adverse effect on our business, prospects, results of operations and financial condition.

Our growth strategy depends in part on our ability to integrate operations of acquired surgical facilities, attract new physician partners, and to acquire and develop additional surgical facilities, on favorable terms. If we are unable to achieve any of these goals, our future growth could be limited and our operating results could be adversely affected.

We believe that an important component of our financial performance and growth is our ability to provide physicians who use our facilities with the opportunity to purchase ownership interests in our facilities. We may not be successful in attracting new physician investment in our surgical facilities, and that failure could result in a reduction in the quality, efficiency and profitability of our facilities. Based on competitive factors and market conditions, physicians may be able to negotiate relatively higher levels of equity ownership in our facilities, consequently limiting or reducing our share of the profits from these facilities. In addition, physician ownership in our facilities is subject to certain regulatory restrictions.

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In addition, our growth strategy includes the acquisition and development of existing surgical facilities and the development of new surgical facilities jointly with local physicians and, in some cases, healthcare systems and other strategic partners. We have acquired interests in or developed all of our surgical facilities since our inception and we expect to continue to expand our operations in the future. We are currently evaluating potential acquisitions and development projects and expect to continue to evaluate acquisitions and development projects in the foreseeable future. If we are unable to successfully execute on this strategy in the future, our future growth could be limited. We may be unable to identify suitable acquisition and development opportunities, or to complete acquisitions and new projects in a timely manner and on favorable terms. Further, the companies or assets we acquire in the future may not ultimately produce returns that justify our related investment.

Our acquisition activities, and our limited development activities, require substantial capital resources, and we may need to obtain additional capital or financing, from time to time, to fund these activities. Historically, we have funded acquisition and development activities through our credit facilities. As a result, we may take actions that could have a material adverse effect on our business, prospects, results of operations and financial condition, including incurring substantial debt with certain restrictive terms. Further, sufficient capital or financing may not be available to us on satisfactory terms, if at all. In addition, our ability to acquire and develop additional surgical facilities may be limited by state certificate of need programs, licensure requirements, antitrust laws, and other regulatory restrictions on expansion. We also face significant competition from local, regional and national health systems and other owners of surgical facilities in pursuing attractive acquisition candidates. The limited number of surgical facilities we develop typically incur losses in their early months of operation (more so in the case of surgical hospitals) and, until their case loads grow, they generally experience lower total revenue and operating margins than established surgical facilities, and we expect this trend to continue.

If we are not successful in integrating newly acquired surgical facilities, we may not realize the potential benefits of such acquisitions. Likewise, if we are not able to integrate acquired facilities' operations and personnel with ours in a timely and efficient manner, then the potential benefits of the transaction may not be realized. Further, any delays or unexpected costs incurred in connection with integration could have a material adverse effect on our operations and earnings. In particular, if we experience the loss of key personnel or if the effort devoted to the integration of acquired facilities diverts significant management or other resources from other operational activities, our operations could be impaired.

If we acquire or develop additional facilities, we may experience difficulty in retaining or integrating their operations, key physicians, systems and personnel. In some acquisitions, we may have to renegotiate, or risk losing, one or more of the facility's commercial payor contracts. We may also be unable to immediately collect the accounts receivable of an acquired facility while we align the payors' payment systems and accounts with our own systems. Certain transactions can require licensure changes which, in turn, result in disruptions in payment for services.

In addition, although we conduct extensive due diligence prior to the acquisition of surgical facilities and seek indemnification from prospective sellers covering unknown or contingent liabilities, we may acquire facilities with unknown or contingent liabilities, including liabilities for failure to comply with healthcare laws and regulations. Although we maintain professional liability insurance that provides coverage on a claims-made basis of $1.0 million per occurrence with a retention of $100,000 per occurrence and $3.0 million in annual aggregate coverage per surgical facility, we do not maintain insurance specifically covering all unknown or contingent liabilities that may have occurred prior to the acquisition of facilities. In some cases, our right to indemnification for these liabilities from the seller may be subject to negotiated limits or limits on our ability to enforce indemnification rights.

Our rapid growth has placed, and will continue to place, increased demands on our management, operational and financial information systems and other resources. Furthermore, expansions into new geographic markets and services may require us to comply with new and unfamiliar legal and regulatory requirements, which could impose substantial obligations on us and our management, cause us to expend additional time and resources, and increase our exposure to penalties or fines for non-compliance with such requirements. To accommodate our past and anticipated future growth, and to compete effectively, we will need to continue to improve our management, operational and financial information systems and to expand, train, manage and motivate our workforce. Our personnel, systems, procedures or controls may not be adequate to support our operations in the future. Further, focusing our financial resources and management attention on the expansion of our operations may negatively impact our financial results. Any failure to improve our management, operational and financial information systems, or to expand, train, manage or motivate our workforce, could reduce or prevent our growth.

Shortages of surgery-related products, equipment and medical supplies and quality control issues with such products, equipment and medical supplies could disrupt our operations and adversely affect our case volume, surgical case mix and profitability.

Our operations depend significantly upon our ability to obtain sufficient surgery-related products, drugs, equipment and medical supplies from suppliers on a timely basis. If we are unable to obtain such necessary products, or if we fail to properly manage existing inventory levels, the surgical facilities may be unable to perform certain surgeries, which could adversely affect case volume or result in a negative shift in surgical case mix. In addition, as a result of shortages, we could suffer, among other things, operational disruptions, disruptions in cash flows, increased costs and reductions in profitability. At times, supply shortages have occurred in our industry, and such shortages may be expected to recur from time to time.

Medical supplies and services can also be subject to supplier product quality control incidents and recalls. In addition to contributing to materials shortages, product quality can affect patient care and safety. Material quality control incidents have occurred in the past and may occur again in the future, for reasons beyond our control, and such incidents can negatively impact case volume, product costs and our reputation. In addition, we may have to incur costs to resolve quality control incidents related to medical supplies and services regardless of whether they were caused by us. Our inability to obtain the necessary amount and quality of surgery-related products, equipment and medical supplies due to a quality control incident or recall could have a material adverse effect on our business, prospects, results of operations and financial condition.

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We face competition for patients, physicians and commercial payor contracts.

The healthcare business is highly competitive and each of the individual geographic areas in which we operate has a different competitive landscape. In each of our markets we compete with other healthcare providers for patients and in contracting with commercial payors. In addition, because the number of physicians available to utilize and invest in our facilities is finite, we face intense competition from other surgery centers, hospitals, health systems and other healthcare providers in recruiting physicians to utilize and invest in our facilities. We are in competition with other surgery centers, hospitals and healthcare systems in the communities we serve to attract patients and provide them with the care they need.

There are also unaffiliated hospitals in each market in which we operate. These hospitals have established relationships with physicians and payors. In addition, other companies either currently are in the same or similar business of developing, acquiring and operating surgical facilities or may decide to enter our business. Many of these companies have greater resources than we do, including financial, marketing, staff and capital resources. We also may compete with some of these companies for entry into strategic relationships with healthcare systems and healthcare professionals. In addition, many physician groups develop surgical facilities without a corporate partner. In recent years, more physicians are choosing to perform procedures, including pain management and gastrointestinal procedures, in an office-based setting rather than in a surgical facility. If we are unable to compete effectively with any of these entities or groups, we may be unable to implement our business strategies successfully and our financial position and results of operations could be adversely affected.

Competition for physicians and nurses, shortages of qualified personnel or other factors could increase our labor costs and adversely affect our revenue, profitability and cash flows.

Our operations are dependent on the efforts, abilities and experience of our physicians and clinical personnel. We compete with other healthcare providers, primarily hospitals and other surgical facilities, in attracting physicians to utilize our surgical facilities, nurses and medical staff to support our surgical facilities, recruiting and retaining qualified management and support personnel responsible for the daily operations of each of our facilities and in contracting with managed care payors in each of our markets. In some markets, the lack of availability of clinical personnel, such as nurses, has become a significant operating issue facing all healthcare providers. This shortage may require us to continue to enhance wages and benefits to recruit and retain qualified personnel or to contract for more expensive temporary personnel. For the year-ended December 31, 2016, our salary and benefit expenses represented approximately 31% of our revenue. We also depend on the available labor pool of semi-skilled and unskilled workers in each of the markets in which we operate.

If our labor costs increase, we may not be able to raise rates to offset these increased costs. Because a significant percentage of our revenue consist of fixed, prospective payments, our ability to pass along increased labor costs is limited. In particular, if labor costs rise at an annual rate greater than our net annual consumer price index basket update from Medicare, our results of operations and cash flows will likely be adversely affected. Any union activity at our facilities that may occur in the future could contribute to increased labor costs. Certain proposed changes in federal labor laws and the National Labor Relations Board's modification of its election procedures could increase the likelihood of employee unionization attempts. Although none of our employees are currently represented by a collective bargaining agreement, to the extent a significant portion of our employee base unionizes, it is possible our labor costs could increase materially. Our failure to recruit and retain qualified management and medical personnel, or to control our labor costs, could have a material adverse effect on our business, prospects, results of operations and financial condition.

Some jurisdictions preclude us from entering into non-compete agreements with our physicians, and other non-compete agreements and restrictive covenants applicable to certain physicians and other clinical employees may not be enforceable.

We have contracts with physicians and other health professionals in many states. Some of our physician services contracts, as well as many of our physician services contracts with hospitals, include provisions preventing these physicians and other health professionals from competing with us both during and after the term of our contract with them. The law governing non-compete agreements and other forms of restrictive covenants varies from state to state. Some jurisdictions prohibit us from entering into non-compete agreements with our professional staff. Other states are reluctant to strictly enforce non-compete agreements and restrictive covenants against physicians and other healthcare professionals. Therefore, there can be no assurance that our non-compete agreements related to employed or otherwise contracted physicians and other health professionals will be enforceable if challenged in certain states. In such event, we would be unable to prevent former employed or otherwise contracted physicians and other health professionals from competing with us, potentially resulting in the loss of some of our hospital contracts and other business. Additionally, certain facilities have the right to employ or engage our providers after the termination or expiration of our contract with those facilities and cause us not to enforce our non-compete provisions related to those providers.

We may become involved in litigation which could negatively impact the value of our business.

From time-to-time we are involved in lawsuits, claims, audits and investigations, including those arising out of services provided, personal injury claims, professional liability claims, billing and marketing practices, employment disputes and contractual claims. We may become subject to future lawsuits, claims, audits and investigations that could result in substantial costs and divert our attention and resources and adversely affect our business condition. In addition, since our current growth strategy includes acquisitions, among other things, we may become exposed to legal claims for the activities of an acquired business prior to the acquisition. These lawsuits, claims, audits or investigations, regardless of their merit or outcome, may also adversely affect our reputation and ability to expand our business.

In addition, from time to time we have received, and expect to continue to receive, correspondence from former employees terminated by us who threaten to bring claims against us alleging that we have violated one or more labor and employment regulations. In certain instances former employees have brought claims against us and we expect that we will encounter similar actions against us in the future. An adverse outcome in any such litigation could require us to pay contractual damages, compensatory damages, punitive damages, attorneys' fees and costs.

If we become subject to large malpractice or other legal claims, we could be required to pay significant damages, which may not be covered by insurance.

In recent years, physicians, hospitals and other healthcare providers have become subject to an increasing number of legal actions alleging malpractice, product liability or related legal theories. Many of these actions involve large monetary claims and significant defense costs. We also owe certain defense and indemnity obligations to our officers and directors.

We maintain liability insurance in amounts that we believe are customary for the industry. Currently, we maintain professional liability insurance that provides coverage on a claims-made basis of $1.0 million per occurrence with a retention of $100,000 per occurrence and $3.0 million in annual aggregate coverage per surgical facility, including the facility and employed staff. We maintain general liability insurance that provides coverage on a occurrence basis of $1.0 million per occurrence with a retention of $25,000 per occurrence and $3.0 million in annual aggregate coverage per surgical facility. We also maintain business interruption insurance and property damage insurance, as well as an additional umbrella liability insurance policy in the aggregate amount of $33.0 million. Coverage under certain of these policies is contingent upon the policy being in effect when a claim is made regardless of when the events which caused the claim occurred. In addition, physicians who provide professional services in our surgical facilities are required to maintain separate malpractice coverage with similar minimum coverage limits. We also maintain a directors' and officers' insurance policy, which insures our directors and officers against unindemnified losses arising from certain wrongful acts in their capacities as directors and officers and reimburses us for those losses for which we have lawfully indemnified the directors and officers.

This insurance coverage may not cover all claims against us. Insurance coverage may not continue to be available at a cost allowing us to maintain adequate levels of insurance. If one or more successful claims against us were not covered by or exceeded the coverage of our insurance, our financial condition and results of operations could be adversely affected. Our business, profitability and growth prospects could suffer if we face negative publicity or we pay damages or defense costs in connection with a claim that is outside the scope or limits of coverage of any applicable insurance coverage, including claims related to adverse patient events, contractual disputes, professional and general liability, and directors' and officers' duties.

In addition, if our costs of insurance and claims increase, then our earnings could decline. Market rates for insurance premiums and deductibles have been steadily increasing. Our earnings and cash flows could be materially and adversely affected by any of the following:

- the collapse or insolvency of our insurance carriers;
- further increases in premiums and deductibles;
- increases in the number of liability claims against us or the cost of settling or trying cases related to those claims; or
- an inability to obtain one or more types of insurance on acceptable terms, if at all.

Financial pressures on patients, and current and future economic condition, may adversely affect our volume and surgical case mix.

Even as the U.S. economy shows signs of sustained, if modest, growth, many individuals throughout the country continue to experience difficult financial conditions. Our case volume and surgical case mix may be adversely affected by patients' unwillingness to pay for procedures in our facilities. Higher numbers of unemployed individuals generally translates into more individuals without healthcare insurance to help pay for procedures, thereby increasing the potential for persons to elect not to have procedures performed. Even procedures normally thought to be non-elective may be delayed or may not be performed if the patient cannot afford the procedure due to a lack of insurance or money to pay their portion of our facilities' fee. Although we have taken steps to minimize the impact of these conditions, it is difficult to predict the degree to which our business will continue to be impacted by such conditions or the course of the economy in the future.

In addition, the difficult conditions of the U.S. economy have adversely affected and could continue to adversely affect the budgets of individual states and the federal government, which has resulted in and could continue to result in attempts to reduce payments made to us by federal and state government healthcare programs, including Medicare, military services, Medicaid and workers' compensation programs, a reduction in the scope of services covered by those programs and an increase in taxes and assessments on our activities. Additionally, even though the Supreme Court upheld an IRS rule extending tax credits to individuals purchasing health insurance under the Affordable Care Act through federally established exchanges in its decision in King v. Burwell, there continues to be uncertainty regarding the future implementation of the Affordable Care Act, and any such result could adversely affect our business by exacerbating the financial pressures on patients, leading them to further delay or cancel non-emergency surgical procedures.

Our surgical facilities are sensitive to regulatory, economic and other conditions in the states where they are located. In addition, three of our surgical facilities account for a significant portion of our patient service revenue.

Our revenue are particularly sensitive to regulatory, economic and other conditions in the states of Florida and Texas. As of December 31, 2016, we owned and operated five consolidated surgical facilities in Texas and 23 consolidated surgical facilities in Florida. The Texas facilities represented approximately 10%, 11% and 13% of our revenue during the years ended December 31, 2016, 2015 and 2014, respectively. The Florida facilities represented approximately 13%, 15% and 14% of our revenue during the years ended December 31, 2016, 2015 and 2014, respectively.

In addition, our surgical hospital in Idaho Falls, Idaho represented 20%, 19% and 17% of our revenue during the years ended December 31, 2016, 2015 and 2014, respectively. This surgical hospital also provides ancillary services, including physician practices, radiation oncology and anesthesia services. If there were an adverse regulatory, economic or other development in any of the states in which we have a higher concentration of facilities, including Idaho, our case volumes could decline in such states or there could be other unanticipated adverse impacts on our business in those states, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

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If any of our existing healthcare facilities lose their accreditation status or any of our new facilities fail to receive accreditation, such facilities could become ineligible to receive reimbursement under Medicare or Medicaid or other third-party payors.

The construction and operation of healthcare facilities are subject to extensive federal, state and local regulation relating to, among other things, the adequacy of medical care, equipment, personnel, operating policies and procedures, fire prevention, rate-setting and compliance with building codes and environmental protection. Additionally, such facilities are subject to periodic inspection by government authorities and accreditation organizations to assure their continued compliance with these various standards.

All of our facilities are deemed certified, meaning that they are accredited, properly licensed under the relevant state laws and regulations and certified under the Medicare program or are in the process of applying for such accreditation, licensing or certification. The effect of maintaining certified facilities is to allow such facilities to participate in the Medicare and Medicaid programs. We believe that all of our facilities are in material compliance with applicable federal, state, local and other relevant accreditation and certification regulations and standards. However, should any of our healthcare facilities lose their deemed certified status and thereby lose certification under the Medicare or Medicaid programs, such facilities would be unable to receive reimbursement from either or both of those programs, and possibly from other third-party payors, and our business could be materially adversely affected.

Certain of our partnership and operating agreements contain provisions giving rights to our partners and other members that may be adverse to our interests.

Certain of the agreements governing the limited partnerships ("LPs"), general partnerships ("GP") and limited liability companies ("LLCs") through which we own and operate our facilities contain provisions that give our partners or other members rights that may, in certain circumstances, be adverse to our interests. These rights include, but are not limited to, rights to purchase our interest in the partnership or LLC, rights to require us to purchase the interests of our partners or other members, or rights requiring the consent of our partners and other members prior to our transferring our ownership interest in a facility or prior to a change in control of us or certain of our subsidiaries. With respect to these purchase rights, the agreements generally include a specified formula or methodology to determine the applicable purchase price, which may or may not reflect fair market value.

Additionally, many of our partnership and operating agreements contain restrictions on actions that we can take, even though we may be the general partner or the managing member. Examples of these restrictions include the rights of our partners and other members to approve the sale of substantially all of the assets of the partnership or LLC, to dissolve the partnership or LLC, to appoint a new or additional general partner or managing member and to amend the partnership or operating agreements. Many of our agreements also restrict our ability in certain instances to compete with our existing facilities or with our partners. Where we hold only a limited partner or a non-managing member interest, the general partner or managing member may take certain actions without our consent, although we typically have certain protective rights to approve major decisions such as the sale of substantially all of the assets of the entity, dissolution of the partnership or LLC and the amendment of the partnership or operating agreement. These management and governance rights held by our partners and other members limit and restrict our ability to make unilateral decisions about the management and operation of the facilities without the approval of our partners and other members.

We may have a special legal responsibility to the holders of ownership interests in the entities through which we own our facilities, which may conflict with, and prevent us from acting solely in, our own best interests or the interests of our stockholders.

We generally hold our ownership interests in facilities through limited or general partnerships, LLCs or limited liability partnerships ("LLPs") in which we maintain an ownership interest along with physicians and, in some cases, physicians and health systems. As general partner and manager of most of these entities, we may have a special responsibility, known as a fiduciary duty, to manage these entities in the best interests of the other owners. We also have a duty to operate our business for the benefit of our stockholders. As a result, we may encounter conflicts between our responsibility to the other owners and our responsibility to our stockholders. For example, we have entered into management agreements to provide management services to our surgical facilities in exchange for a fee. Disputes may arise as to the nature of the services to be provided or the amount of the fee to be paid. In these cases, we may be obligated to exercise reasonable, good faith judgment to resolve the disputes and may not be free to act solely in our own best interests or the stockholders best interest. Disputes may also arise between us and our physician investors with respect to a particular business decision or regarding the interpretation of the provisions of the applicable partnership or limited liability company agreement. We seek to avoid these disputes but have not implemented any measures to resolve these conflicts if they arise. If we are unable to resolve a dispute on terms favorable or satisfactory to us, it could have a material adverse effect on our business, prospects, results of operations and financial condition.

Growth of patient receivables or deterioration in the ability to collect on these accounts, due to changes in economic conditions or otherwise, could have a material adverse effect on our business, prospects, results of operations and financial condition.

The current practice of providing medical services in advance of payment or, in many cases, prior to assessment of ability to pay for such services, may have significant negative impact on our revenue, bad debt expense and cash flow. We bill numerous and varied payors, such as self-pay patients, managed care payors and Medicare and Medicaid. These different payors typically have different billing requirements that must be satisfied prior to receiving payment for services rendered. Reimbursement is typically conditioned on our documenting medical necessity and correctly applying diagnosis codes. Incorrect or incomplete documentation and billing information could result in non-payment for services rendered. The primary collection risks with respect to our patient receivables relate to patient accounts for which the primary third-party payor has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and co-payments) remain outstanding.

Additional factors that could complicate our billing include:

- disputes between payors as to which party is responsible for payment;
- failure of information systems and processes to submit and collect claims in a timely manner;

- variation in coverage for similar services among various payors;
- the difficulty of adherence to specific compliance requirements, diagnosis coding and other procedures mandated by various payors; and
- failure to obtain proper physician credentialing and documentation in order to bill various payors.

We provide for bad debts principally based upon the type of payor and the age of the receivables. Our allowance for doubtful accounts at December 31, 2016 and 2015, represented 12% and 9% of our accounts receivable balance, respectively. Due to the difficulty in assessing future trends, including the effects of changes in economic conditions, we could be required to increase our provision for doubtful accounts. An increase in the amount of patient receivables or a deterioration in the collectability of these accounts could have a material adverse effect on our business, prospects, results of operations and financial condition.

We depend on our senior management, and we may be adversely affected if we lose any member of our senior management.

Because our senior management has been key to our growth and success, we are highly dependent on our senior management, including Michael Doyle, our Chief Executive Officer, and Teresa Sparks, our Executive Vice President and Chief Financial Officer. We do not maintain "key man" life insurance policies on any of our officers. Competition for senior management generally, and within the healthcare industry specifically, is intense and we may not be able to recruit and retain the personnel we need if we were to lose an existing member of senior management. Because our senior management has contributed greatly to our growth since inception, the loss of key management personnel, without adequate replacements, or our inability to attract, retain and motivate sufficient numbers of qualified management personnel could have a material adverse effect on our financial condition and results of operations.

The loss of certain physicians can have a disproportionate impact on certain of our facilities.

Generally, the top referring physicians within each of our facilities represent a large share of our revenue and admissions. The loss of one or more of these physicians, even if temporary, could cause a material reduction in our revenue, which could take significant time to replace given the difficulty and cost associated with recruiting and retaining physicians.

We may write-off intangible assets, such as goodwill.

As a result of purchase accounting for our various acquisition transactions, our balance sheet at December 31, 2016 contained intangible assets designated as either goodwill or intangibles totaling approximately $1.6 billion in goodwill and approximately $48.0 million in intangibles. Additional acquisitions that result in the recognition of additional intangible assets would cause an increase in these intangible assets. On an ongoing basis, we evaluate whether facts and circumstances indicate any impairment of the value of intangible assets. As circumstances change, we cannot assure you that the value of these intangible assets will be realized by us. If we determine that a significant impairment has occurred, we will be required to write-off the impaired portion of intangible assets, which could have a material adverse effect on our results of operations in the period in which the write-off occurs.

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under our outstanding indebtedness.

As of December 31, 2016, we had total indebtedness of approximately $1.0 billion under our $950.0 million senior secured first lien term loan (the "First Lien Term Loan"), which includes $150.0 million under a revolving credit facility (the "Revolver") of which approximately $61.9 million was available, and $400.0 million senior unsecured notes (the "Senior Unsecured Notes" and, together with the First Lien Term Loan and the Revolver, the "Term Loans and Revolving Facility"), where our subsidiary, Surgery Center Holdings, Inc., is the borrower. In addition, subject to the restrictions in our Term Loans and Revolving Facility, we may incur significant additional indebtedness, which may be secured, from time to time, which could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations under any of our debt instruments, including restrictive covenants, could result in an event of default under such instruments;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation;
- limiting cash flow available for general corporate purposes, including capital expenditures and acquisitions, because a substantial portion of our cash flow from operations must be dedicated to servicing our debt;
- limiting our ability to obtain additional debt financing in the future for working capital, capital expenditures or acquisitions;
- limiting our flexibility in reacting to competitive and other changes in our industry and economic conditions generally; and
- exposing us to risks inherent in interest rate fluctuations because some of our borrowings will be at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

Our ability to pay or to refinance our indebtedness will depend upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control.

Restrictive covenants in our debt instruments may adversely affect us.

Our Term Loans and Revolving Facility contain various covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;

- make certain distributions, investments and other restricted payments;
- dispose of our assets;
- grant liens on our assets;
- engage in transactions with affiliates;
- merge, consolidate or transfer substantially all of our assets; and
- make payments to us (in the case of our restricted subsidiaries).

In addition, our Term Loans and Revolving Facility contain other and more restrictive covenants, including covenants requiring us to maintain specified financial ratios triggered in certain situations and to satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will continue to meet those tests. A breach of any of these covenants could result in a default under our Term Loans and Revolving Facility. Upon the occurrence of an event of default under our Term Loans and Revolving Facility, the lenders could elect to declare all amounts outstanding under our Term Loans and Revolving Facility to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. We have pledged substantially all of our assets, other than assets of our non-guarantor subsidiaries, as security under our Term Loans and Revolving Facility. If the lenders under our Term Loans and Revolving Facility accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay our Term Loans and Revolving Facility and our other indebtedness.

We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated revenue growth and operating improvements will be realized or that future borrowings will be available to us under our Term Loans and Revolving Facility in amounts sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we could attempt to restructure or refinance our indebtedness or seek additional equity capital. We cannot assure you that we will be able to accomplish those actions on satisfactory terms, if at all.

Despite our current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt, which could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness. Although the credit agreements governing our Term Loans and Revolving Facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. In addition, as of December 31, 2016 we had approximately $61.9 million available for additional borrowings under our Revolver, all of which is permitted to be incurred under the credit agreement governing our Term Loans and Revolving Facility. If new debt is added to our or our subsidiaries' current debt levels, the related risks that we face would be increased.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations could have a material adverse effect on our business, prospects, results of operations and financial condition.

Our ability to pay interest on and principal of our debt obligations principally depends upon our operating performance. As a result, prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments.

In addition, we conduct our operations through our subsidiaries. Accordingly, repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us by dividend, debt repayment or otherwise. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. In particular, the constituent documents governing many of our non-wholly owned subsidiaries limit, under certain circumstances, our ability to access the cash generated by those subsidiaries in a timely manner.

If we do not generate sufficient cash flow from operations to satisfy our debt service obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or capital expenditures or seeking to raise additional capital. Our ability to restructure or refinance our debt, if at all, will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt instruments may restrict us from adopting some of these alternatives. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance our obligations at all or on commercially reasonable terms, could affect our ability to satisfy our debt obligations and have a material adverse effect on our business, prospects, results of operations and financial condition.

We are a holding company with no operations of our own.

We are a holding company, and our ability to service our debt is dependent upon the earnings from the business conducted by our subsidiaries that operate the surgical facilities. The effect of this structure is that we depend on the earnings of our subsidiaries, and the distribution or payment to us of a portion of these earnings to meet our obligations, including those under our Term Loans and Revolving Facility and any of our other debt obligations. The distributions of those earnings or advances or other distributions of funds by these entities to us, all of which are contingent upon our subsidiaries' earnings, are subject to various business considerations. In addition, distributions by our subsidiaries could be subject to statutory restrictions, including state laws requiring that such subsidiaries be solvent, or contractual restrictions. Some of our subsidiaries may become subject to agreements that restrict the sale of assets and significantly restrict or prohibit the payment of dividends or the making of distributions, loans or other payments to stockholders, partners or members.

We make significant loans to, and are generally liable for debts and other obligations of, the partnerships and limited liability companies that own and operate some of our surgical facilities.

We own and operate our surgical facilities through limited partnerships and limited liability companies. Local physicians, physician groups and healthcare systems also own an interest in all but three of these partnerships and limited liability companies. In the partnerships in which we are the general partner, we are liable for 100% of the debts and other obligations of the partnership, even if we do not own all of the partnership interests. For some of our surgical facilities, indebtedness at the partnership level is funded through intercompany loans that we provide. At December 31, 2016, our intercompany loans totaled $20.7 million. Though these loans we have a security interest in the partnership's or limited liability company's assets. However, our financial condition and results of operations would be materially adversely affected if our surgical facilities are unable to repay these intercompany loans, or such loans are challenged under certain health care laws. Additionally, at December 31, 2016, our global intercompany note, which we use to transfer debt balances between our subsidiaries, had a zero balance.

Our Term Loans and Revolving Facility allow us to borrow funds that we can lend to the partnerships and limited liability companies in which we own an interest. Although most of our intercompany loans are secured by the assets of the partnership or limited liability company, the physicians and physician groups that own an interest in these partnerships and limited liability companies generally do not guarantee a pro rata amount of this debt or the other obligations of these partnerships and limited liability companies.

From time to time, we may guarantee our pro-rata share of the third-party debts and other obligations of many of the non-consolidated partnerships and limited liability companies in which we own an interest, subject to a limit provided in our credit agreements. In most instances of these guarantees, the physicians and/or physician groups have also guaranteed their pro-rata share of the indebtedness to secure the financing.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.

Borrowings under our First Lien Term Loan and Revolving Facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease.

Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations.

Our First Lien Term Loan is a senior secured first lien obligation of Surgery Center Holdings, Inc. and is guaranteed on a senior secured first priority basis and secured by substantially all of the assets, including pledges of equity interests, of Surgery Center Holdings, Inc., SP Holdco I, Inc. and the subsidiary guarantors described in the documentation, which are comprised of material wholly-owned non-excluded subsidiaries of Surgery Center Holdings, Inc.

The Company has the option of classifying the First Lien Term Loans and borrowings under the Revolver as either ABR loans or ED loans. The interest base rate on an ABR loan is equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, and (c) the Adjusted LIBO Rate for an ED Borrowing with a one-month interest period plus 1.00%; provided that, solely with respect to the First Lien Term Loans, the base rate shall not be less than 2.00% per annum. The interest base rate on an ED loan is equal to (x) the LIBO Rate for such Eurodollar borrowing in effect for such Interest Period divided by (y) One minus the Statutory Reserves (if any) for such Eurodollar Borrowing for such interest period; provided that, solely with respect to the First Lien Term Loans, the rate shall not be less than 1.00% per annum. Accrued interest is payable in arrears on a quarterly basis.

We may be limited in our ability to utilize, or may not be able to utilize, net operating loss carryforwards to reduce our future tax liability.

As of December 31, 2016, we had U.S. federal net operating loss ("NOL") carryforwards of approximately $390.6 million and state NOL carryforwards of approximately $542.7 million, which may be limited annually due to certain change in ownership provisions of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, as a result of the Symbion acquisition, approximately $179 million in NOL carryforwards are subject to an annual Section 382 base limitation of $4.9 million, and, as a result of the Novamed acquisition, approximately $17 million in NOL carryforwards are subject to an annual Section 382 base limitation of $4.9 million. These limitations, when combined with amounts allowable due to net unrecognized built in gains, are not expected to impact the realization of the deferred tax assets associated with these NOLs. Our federal NOL carryforwards will begin to expire in 2025 and will completely expire in 2036, and our state NOL carryforwards will begin to expire in 2017 and will completely expire in 2036. Future ownership changes may subject our NOL carryforwards to further annual limitations, which could restrict our ability to use them to offset our taxable income in periods following the ownership changes.

We entered into a tax receivable agreement that will require us to pay to the pre-IPO owners of Surgery Center Holdings, LLC (the "Pre-IPO Owners") for certain tax benefits, including for tax benefits attributable to pre-IPO NOLs, which amounts are expected to be material.

On September 30, 2015, Surgery Partners, Inc. became the direct parent and sole member of Surgery Center Holdings, LLC (the "Reorganization"). We indirectly acquired favorable tax attributes in connection with the Reorganization. These tax attributes would not be available to us in the absence of the consummation of the Reorganization. As part of the Reorganization, we entered into a tax receivable agreement (the "TRA") under which generally we will be required to pay to the Pre-IPO Owners 85% of the cash savings, if any, in U.S. federal, state or local tax that we actually realize (or are deemed to realize in certain circumstances) as a result of (i) certain tax attributes, including NOLs, capital losses, charitable deductions, alternative minimum tax credit carryforwards and federal and state tax credits of Surgery Center Holdings, Inc. and its affiliates relating to taxable years ending on or before the date of the Reorganization (calculated by assuming the taxable year of the relevant entity closes on the date of the Reorganization) that are or become available to us and our wholly-

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owned subsidiaries as a result of the Reorganization, and (ii) tax benefits attributable to payments made under the TRA. Under the TRA, generally we will retain the benefit of the remaining 15% of the applicable tax savings. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Income Taxes and Tax Receivable Agreement."

The actual utilization of the tax attributes that are the subject of the TRA, as well as the timing of any payments under the TRA, will vary depending upon a number of factors, including the amount, character and timing of our and our subsidiaries' taxable income in the future, our use of NOL carryforwards and the portion of our payments under the TRA constituting imputed interest. Limitations on the use of the NOLs may apply, including limitations under Section 382 of the Code.

Payments under the TRA are not conditioned on the Pre-IPO Owners continuing to own shares of our common stock. Payments under the TRA are expected to give rise to certain additional tax benefits attributable to deductions for imputed interest. Any such benefits are the subject of the TRA and will increase the amounts due thereunder. In addition, the TRA provides for interest, at a rate equal to LIBOR plus 300 basis points, accrued from the due date (without extensions) of the corresponding federal, state or local tax return to the date of payment specified by the TRA. Payments under the TRA will be based on the tax reporting positions that we determine, consistent with the terms of the TRA. We will not be reimbursed for any payments previously made under the TRA if the utilization of any tax attributes that are the subject of the TRA are subsequently disallowed; if it is determined that excess payments have been made under the TRA, certain future payments, if any, otherwise to be made will be reduced. As a result, in certain circumstances, payments could be made under the TRA in excess of the benefits that we actually realize in respect of the attributes to which the TRA relates.

We expect the payments we will be required to make under the TRA will be substantial. It is also possible we will be required to make withholding tax payments in respect of one or more Pre-IPO Owners. Because we are a holding company with no operations of our own, our ability to make payments under the TRA is dependent on the ability of our subsidiaries to make distributions to us. The TRA restricts our and our subsidiaries' ability to enter into any agreement or indenture that would restrict or encumber our ability to make payments under the TRA. To the extent that we are unable to make payments under the TRA, and such inability is a result of the terms of credit agreements and other debt documents that are materially more restrictive than those existing as of the date of the TRA, such payments will be deferred and will accrue interest at a rate of LIBOR plus 500 basis points until paid. If the terms of such credit agreements and other debt documents cause us to be unable to make payments under the TRA and such terms are not materially more restrictive than those existing as of the date of the TRA, such payments will be deferred and will accrue interest at a rate of LIBOR plus 300 basis points until paid. There can be no assurance that we will be able to finance our obligations under the TRA in a manner that does not adversely affect our working capital and growth requirements.

The TRA contains provisions that require, in certain cases, the acceleration of payments under the TRA to the Pre-IPO Owners, or payments which may significantly exceed the actual benefits we realize in respect of the tax attributes that are the subject of the TRA.

The terms of the TRA will, in certain circumstances, including certain changes of control, divestitures, or breaches of any material obligations under it (such as a failure to make any payment when due, subject to a specified cure period), provide for our (or our successor's) obligations under the TRA to accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that we would have at such time sufficient taxable income to fully utilize the tax attributes that are the subject of the TRA. Additionally, if we or any of our subsidiaries transfers any asset to a corporation with which we do not file a consolidated tax return, we will be treated as having sold that asset in a taxable transaction for purposes of determining certain amounts payable pursuant to the TRA. As a result of the foregoing, (i) we could be required to make payments under the TRA that are greater than or less than the specified percentage of the actual tax savings we realize in respect of the tax attributes that are the subject of the TRA and (ii) we may be required to make an immediate lump sum payment equal to the present value of the anticipated future tax savings, which payment may be made years in advance of the actual realization of such future benefits, if any such benefits are ever realized. In these situations, our obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of adversely affecting our working capital and growth, and of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.

We are subject to income taxes in the United States, and our domestic tax liabilities are subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of equity-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof; or
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal, state and local authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.

Our facilities may be adversely impacted by weather and other factors beyond our control, and disruptions to our disaster recovery systems or management continuity planning could limit our ability to operate our business effectively.

The financial results of our facilities may be negatively impacted by adverse weather conditions, such as tornadoes, earthquakes and hurricanes, or other factors beyond our control, such as wildfires. These weather conditions or other factors could disrupt patient scheduling, displace our patients, employees and physician partners and force certain of our facilities to close temporarily or for an extended period of time. In certain markets, we have a large concentration of surgery centers that may be simultaneously affected by adverse weather condition or events beyond our control.

While we have disaster recovery systems and business continuity plans in place, any disruptions in our disaster recovery systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively monitor and control our operations. Despite our implementation of a variety of security measures, our technology systems could be subject to physical or electronic break-ins, and similar disruptions from unauthorized tampering or weather related disruptions where our headquarters is located. In addition, in the event that a significant number of our management personnel were unavailable in the event of a disaster, our ability to effectively conduct business could be adversely affected.

Risks Related to Government Regulation

We cannot predict the effect that healthcare reform and other changes in government programs may have on our business, financial condition or results of operations.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the Affordable Care Act, dramatically alter the United States healthcare system and are intended to decrease the number of uninsured Americans and reduce overall healthcare costs. The Affordable Care Act attempts to achieve these goals by, among other things, requiring most Americans to obtain health insurance, expanding Medicare and Medicaid eligibility, reducing Medicare and Medicaid payments, expanding the Medicare program's use of value-based purchasing programs, tying hospital payments to the satisfaction of certain quality criteria, and bundling payments to hospitals and other providers. The Affordable Care Act also contains a number of measures that are intended to reduce fraud and abuse in the Medicare and Medicaid programs, such as requiring the use of Recovery Audit Contractors ("RACs") in the Medicaid program expanding the scope of the federal False Claims Act and generally prohibiting physician-owned hospitals from adding new physician owners or increasing the number of beds and operating rooms for which they are licensed. The Affordable Care Act provides for additional enforcement tools, cooperation between agencies, and funding for enforcement. Since their enactment, the Affordable Care Act has been subject to a number of challenges to its constitutionality. On June 28, 2012, the United States Supreme Court upheld challenges to the constitutionality of the "individual mandate" provision, which generally requires all individuals to purchase healthcare insurance or pay a penalty, but struck down as unconstitutional the provision that would have allowed the federal government to revoke all federal Medicaid funding to any state that did not expand its Medicaid program. As a result, many states have refused to extend Medicaid eligibility to more individuals as envisioned by the law. Other legal challenges are pending.

Initiatives to repeal the Affordable Care Act, in whole or in part, to delay elements of implementation or funding, and to offer amendments or supplements to modify its provisions have been persistent and may increase as a result of the 2016 election. The ultimate outcomes of legislative attempts to repeal or amend the Affordable Care Act and legal challenges to the Affordable Care Act are unknown. Results of recent Congressional elections and the change of Presidential administrations beginning in 2017 could create a political environment in which substantial portions of the Affordable Care Act are repealed or revised. Specifically, President Donald Trump's 100 Day Action Plan calls for full repeal of the Affordable Care Act and its replacement with health savings accounts, cross-states sales of health insurance, and modifications to state-managed Medicaid programs. Nevertheless, prospects for rapid enactment of radical change in the health care regulatory landscape are not clear, and President Trump has indicated that certain provisions of the Affordable Care Act, such as provisions restraining the ability of insurers to deny or limit coverage based on pre-existing conditions or mandating that parents have the ability to extend insurance coverage to their children until they turn 26, should be preserved. On March 6, 2017, Republican leadership in the House of Representatives introduced legislation that would repeal substantial portions of the Affordable Care Act, including the individual mandate. The legislation would eliminate health care exchanges and would replace means-tested insurance premium subsidies with age-adjusted tax credits. The legislation would also limit federal funding available for the Affordable Care Act's Medicaid expansion and transition federal Medicaid funding to a per-capita cap basis by 2020. It remains unclear what portions of the Affordable Care Act may remain, or what any replacement or alternative programs may be created by any future legislation. Any such future repeal or replacement may have significant impact on the reimbursement for healthcare services generally, and may create reimbursement for services competing with the services offered by the Company. Accordingly, there can be no assurance that the adoption of any future federal or state healthcare reform legislation will not have a negative financial impact on the Company.

Moreover, other legislative changes have also been proposed and adopted since the Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments, will remain in effect through 2025 unless additional Congressional action is taken. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other health care funding, which could have a material adverse effect on our financial operations.

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If we fail to comply with or otherwise incur liabilities under the numerous federal and state laws and regulations relating to the operation of our facilities, we could incur significant penalties or other costs or be required to make significant changes to our operations.

The healthcare industry is heavily regulated and we are subject to many laws and regulations at the federal, state and local government levels in the markets in which we operate. These laws and regulations require that our facilities meet various licensing, accreditation, certification and other requirements, including, but not limited to, those relating to:

- ownership and control of our facilities;
- operating policies and procedures;
- qualification, training and supervision of medical and support persons;
- pricing of, billing for and coding of services and properly handling overpayments, debt collection practices and the submission of false statements or claims;
- the necessity, appropriateness and adequacy of medical care, equipment, personnel, operating policies and procedures; maintenance and preservation of medical records;
- financial arrangements between referral sources and our facilities;
- the protection of privacy, including patient and credit card information;
- screening, stabilization and transfer of individuals who have emergency medical conditions and provision of emergency services;
- antitrust;
- building codes;
- workplace health and safety;
- licensure, certification and accreditation;
- fee-splitting and the corporate practice of medicine;
- handling of medication;
- confidentiality, data breach, identity theft and maintenance and protection of health-related and other personal information and medical records; and
- environmental protection, health and safety.

If we fail or have failed to comply with applicable laws and regulations, we could subject ourselves to administrative, civil or criminal penalties, cease and desist orders, forfeiture of amounts owed and recoupment of amounts paid to us by governmental or commercial payors, loss of licenses necessary to operate and disqualification from Medicare, Medicaid and other government-sponsored healthcare programs.

Many of these laws and regulations have not been fully interpreted by regulatory authorities or the courts, and their provisions are sometimes open to a variety of interpretations. Different interpretations or enforcement of existing or new laws and regulations could subject our current practices to allegations of impropriety or illegality, or require us to make changes in our operations, facilities, equipment, personnel, services, capital expenditure programs or operating expenses to comply with the evolving rules. Any enforcement action against us, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business.

In pursuing our growth strategy, we may seek to expand our presence into states in which we do not currently operate. In new geographic areas, we may encounter laws and regulations that differ from those applicable to our current operations. If we are unwilling or unable to comply with these legal requirements in a cost-effective manner, we may be unable to expand into new geographic markets.

A number of initiatives have been proposed during the past several years to reform various aspects of the healthcare system in the United States. In the future, different interpretations or enforcement of existing or new laws and regulations could subject our current practices to allegations of impropriety or illegality, or could require us to make changes in our facilities, equipment, personnel, services, capital expenditure programs and operating expenses. In addition, some of the governmental and regulatory bodies that regulate us are considering or may in the future consider enhanced or new regulatory requirements. These authorities may also seek to exercise their supervisory or enforcement authority in new or more robust ways. All of these possibilities, if they occurred, could detrimentally affect the way we conduct our business and manage our capital, either of which, in turn, could have a material adverse effect on our business, prospects, results of operations and financial condition.

If laws governing the corporate practice of medicine or fee-splitting change, we may be required to restructure some of our relationships, which may result in a significant loss of revenue and divert other resources.

The laws of various states in which we operate or may operate in the future do not permit business corporations to practice medicine, to exercise control over or employ physicians who practice medicine or to engage in various business practices, such as fee-splitting with physicians (i.e., sharing in a percentage of professional fees). The interpretation and enforcement of these laws vary significantly from state to state. We provide management services to a physician network. If our arrangements with this network were deemed to violate state corporate practice of medicine, fee-splitting or similar laws, or if new laws are enacted rendering our arrangements illegal, we may be subject to civil and/or criminal penalties and could be required to restructure or terminate these arrangements, any of which may result in a significant loss of revenue and divert other resources.

If regulations change, we may be obligated to purchase some or all of the ownership of our physician partners or renegotiate some of our partnership and operating agreements with our physician partners and management agreements with surgical facilities.

Upon the occurrence of various fundamental regulatory changes or changes in the interpretation of existing regulations, we may be obligated to purchase all of the ownership of the physician investors in most of the partnerships or limited liability companies that own and operate our surgical facilities. The purchase price that we would be required to pay for the ownership is typically based on either a multiple of the surgical facility's EBITDA, as defined in our partnership and operating agreements with these surgical facilities, or the fair market value of the ownership as determined by a third-party appraisal. The physician investors in some of our surgical facilities can require us to purchase their interests in exchange for cash or shares of our common stock if these regulatory changes occur. In addition, some of our partnership agreements with our physician partners and management agreements with surgical facilities require us to attempt to renegotiate the agreements upon the occurrence of various fundamental regulatory changes or changes in the interpretation of existing regulations and provide for termination of the agreements if renegotiations are not successful.

Regulatory changes that could create purchase or renegotiation obligations include changes that:

- make illegal the referral of Medicare or other patients to our surgical facilities by physician investors;
- create a substantial likelihood that cash distributions to physician investors from the partnerships or limited liability companies through which we operate our surgical facilities would be illegal;
- make illegal the ownership by the physician investors of interests in the partnerships or limited liability companies through which we own and operate our surgical facilities; or
- require us to reduce the aggregate percentage of physician investor ownership in our hospitals.

We do not control whether or when any of these regulatory events might occur. In the event we are required to purchase all of the physicians' ownership, our existing capital resources would not be sufficient for us to meet this obligation. These obligations and the possible termination of our partnership and management agreements would have a material adverse effect on our financial condition and results of operations.

Our revenue will decline if federal or state programs reduce our Medicare or Medicaid payments or if managed care companies reduce reimbursement amounts. In addition, the financial condition of payors and healthcare cost containment initiatives may limit our revenue and profitability.

For the years ended December 31, 2016, 2015 and 2014, we derived approximately 40%, 38% and 35% of our revenue, respectively, from government payors, including Medicare and Medicaid programs. The Medicare and Medicaid programs are subject to statutory and regulatory changes, administrative rulings, interpretations and determinations concerning patient eligibility requirements, funding levels and the method of calculating payments or reimbursements, among other things; requirements for utilization review; and federal and state funding restrictions, any of which could materially increase or decrease payments from these government programs in the future, as well as affect the timing of payments to our facilities.

Additionally, the Budget Control Act of 2011 requires that Medicare reimbursement rates be reduced by 2%, which went into effect in April 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2025 unless additional Congressional action is taken.

We cannot predict whether these automatic spending reductions will be rescinded, extended or increased by future legislative action. If these automatic spending reductions are increased or extended, such action could adversely affect our business, results of operations and/or financial condition.

We are unable to predict the effect of future government healthcare funding policy changes on our operations. If the rates paid by governmental payors are reduced, if the scope of services covered by governmental payors is limited or if we, or one or more of our surgical facilities, are excluded from participation in the Medicare, Medicaid or other government-sponsored healthcare programs, there could be a material adverse effect on our business, financial condition, results of operations or cash flows.

During the past several years, healthcare payors, such as federal and state governments, insurance companies and employers, have undertaken initiatives to revise payment methodologies and monitor healthcare costs. As part of their efforts to contain healthcare costs, payors increasingly are demanding discounted fee structures or the assumption by healthcare providers of all or a portion of the financial risk relating to paying for care provided, often in exchange for exclusive or preferred participation in their benefit plans. We expect efforts to impose greater discounts and more stringent cost controls by government and other payors to continue, thereby reducing the payments we receive for our services.

By way of example, under the Medicare program, physician payments are updated on an annual basis according to a statutory formula. Because application of the statutory formula for the update factor would have resulted in a decrease in total physician payments for the past several years, Congress has intervened with interim legislation to prevent the reductions. In April 2015, however, the Medicare Access and CHIP Reauthorization Act of 2015, or MACRA, was signed into law, which repealed and replaced the statutory formula for Medicare payment adjustments to physicians. MACRA provides a permanent end to the annual interim legislative updates that had previously been necessary to delay or prevent significant reductions to payments under the Medicare Physician Fee Schedule. MACRA extended previous payment rates through June 30, 2015, with a 0.5% update for July 1, 2015 through December 31, 2015, and for each calendar year through 2019, after which there will be a 0% annual update each year through 2025. In addition, MACRA requires the establishment of the Merit-Based Incentive Payment System ("MIPS"), beginning in 2019, under which physicians may receive performance-based payment incentives or payment reductions based on their performance with respect to clinical quality, resource use, clinical improvement activities and meaningful use of electronic health records. MACRA also requires Centers for Medicare & Medicaid Services ("CMS"), beginning in 2019, to provide incentive payments for physicians and other eligible professionals that participate in alternative payment models, such as

accountable care organizations, that emphasize quality and value over the traditional volume-based fee-for-service model. It is unclear what impact, if any, MACRA will have on our business and operating results, but any resulting decrease in payment may result in reduced demand for our services.

The amount of our provision for doubtful accounts is based on our assessments of historical collection trends, business and economic conditions, trends in federal and state governmental and private employer health coverage and other collection indicators. A continuation in trends that results in increasing the proportion of accounts receivable being comprised of uninsured accounts and deterioration in the collectability of these accounts could adversely affect our collections of accounts receivable, results of operations and cash flows. As enacted, the Affordable Care Act seeks to decrease, over time, the number of uninsured individuals. Specifically, the Affordable Care Act expands Medicaid eligibility and provides incentives to employers to offer and individuals to purchase health insurance. It is difficult to predict the full impact of the Affordable Care Act due to pending court challenges, legislative threats, implementation uncertainty, and its complexity.

Our surgical facilities do not satisfy the requirements for any of the safe harbors under the federal Anti-Kickback Statute. If a federal or state agency asserts a different position or enacts new laws in this regard, we could be subject to criminal and civil penalties, loss of licenses and exclusion from governmental programs, which may result in a substantial loss of revenue.

The statute commonly known as the federal Anti-Kickback statute (the "Anti-Kickback Statute") prohibits the offer, payment, solicitation or receipt of any form of remuneration in return for referrals for items or services payable by Medicare, Medicaid, or any other federally funded healthcare program. Additionally, the Anti-Kickback Statute prohibits any form of remuneration in return for purchasing, leasing or ordering, or arranging for or recommending the purchasing, leasing or ordering of items or services payable by Medicare, Medicaid or any other federally funded healthcare program. The Anti-Kickback Statute is very broad in scope and many of its provisions have not been uniformly or definitively interpreted by existing case law or regulations. Moreover, several federal courts have held that the Anti-Kickback Statute can be violated if only one purpose (not necessarily the primary purpose) of a transaction is to induce or reward a referral of business, notwithstanding other legitimate purposes. In addition, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Moreover, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act (discussed below). Violations of the Anti-Kickback Statute may result in substantial civil or criminal penalties, including up to five years imprisonment and criminal fines of up to $25,000 and civil penalties of up to $50,000 for each violation, plus three times the remuneration involved or the amount claimed and exclusion from participation in all federally funded healthcare programs. Our exclusion from participation in such programs would have a material adverse effect on our business, prospects, results of operations and financial condition. In addition, many of the states in which we operate have also adopted laws, similar to the Anti-Kickback Statute, that prohibit payments to physicians in exchange for referrals, some of which apply regardless of the source of payment for care. These statutes typically impose criminal and civil penalties, including the loss of a license to do business in the state.

In July 1991, the U.S. Department of Health and Human Services ("HHS"), issued final regulations defining various "safe harbors" under the Anti-Kickback Statute. Business arrangements that meet the requirements of the safe harbors are not treated as criminal violations under the Anti-Kickback Statute. Business arrangements that do not meet the safe harbor requirements do not necessarily violate the Anti-Kickback Statute, but may be subject to scrutiny by the federal government to determine compliance. Two of the original safe harbors issued in 1991 apply to business arrangements similar to those used in connection with our surgical facilities: the "investment interest" safe harbor and the "personal services and management contracts" safe harbor. However, the structure of the partnerships and limited liability companies operating our surgery centers and surgical hospitals, as well as our various business arrangements involving physician group practices, do not satisfy all of the requirements of either safe harbor.

On November 19, 1999, HHS promulgated final regulations creating additional safe harbor provisions, including a safe harbor that applies to physician ownership of or investment interests in surgery centers. The surgery center safe harbor protects four types of investment arrangements: (1) surgeon owned surgery centers; (2) single specialty surgery centers; (3) multi-specialty surgery centers; and (4) hospital/physician surgery centers. Each category has its own requirements with regard to what type of physician may be an investor in the surgery center. In addition to the physician investor, the categories permit an "unrelated" investor, who is a person or entity that is not in a position to provide items or services related to the surgery center or its investors. Our business arrangements with our surgical facilities typically consist of one of our subsidiaries being an investor in each partnership or limited liability company that owns the facility, in addition to providing management and other services to the facility. Therefore, our business arrangements with our surgery centers, surgical hospitals and physician groups do not qualify for "safe harbor" protection from government review or prosecution under the Anti-Kickback Statute, however, we attempt to otherwise structure our surgery centers to fit as closely as possible within the safe harbor. When a transaction or relationship does not fit within a safe harbor, it does not mean that an Anti-Kickback Statute violation has occurred; rather, it means that the facts and circumstances as well as the intent of the parties related to a specific transaction or relationship must be examined to determine whether or not any illegal conduct has occurred.

We employ dedicated marketing personnel whose job functions include the recruitment of physicians to perform surgery at our facilities. These employees are paid a base salary plus a productivity bonus. We believe our employment arrangements with these employees are consistent with a safe harbor provision designed to protect payments made to employees. However, a government agency or private party may assert a contrary position.

We also enter into lease agreements with physicians from time to time for the rental of space for our surgical facilities. We seek to structure these lease agreements so that they are in compliance with the Anti-Kickback Statute safe harbor provision regarding real estate leases. However, a government agency or private party may assert a contrary position.

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If any of our business arrangements with physicians or sales and marketing personnel were alleged or deemed to violate the Anti-Kickback Statute or similar laws, or if new federal or state laws were enacted rendering these arrangements illegal, it could have a material adverse effect on our business, prospects, results of operations and financial condition.

If we fail to comply with physician self-referral laws as they are currently interpreted or may be interpreted in the future, or if other legislative restrictions are issued, we could incur substantial monetary penalties and a significant loss of revenue.

The federal physician self-referral law, commonly referred to as the Stark Law, prohibits a physician from making a Medicare or Medicaid reimbursed referral for a "designated health service" to an entity if the physician or a member of the physician's immediate family has a "financial relationship" with the entity unless an exception applies. The list of "designated health services" under the Stark Law does not generally include ambulatory surgery services, but it does include services such as clinical laboratory services, and certain imaging services that may be provided and separately billed by an ASC. Under the current Stark Law and related regulations, services provided at an ASC are not covered by the statute, even if these services include imaging, laboratory services or other Stark designated health services, provided that (i) the ASC does not bill for these services separately, or (ii) if the center is permitted to bill separately for these services, they are specifically exempted from Stark Law prohibitions. These are generally radiology and other imaging services integral to performance of surgical procedures that meet certain requirements and certain outpatient prescription drugs. We believe that services provided at our facilities licensed as hospitals are covered by the Stark Law, but referrals for such services are exempt from the Stark Law under its "whole hospital exception," which was significantly amended by the Affordable Care Act. We also believe that certain services provided by our managed physician network are covered by the Stark Law, but referrals for those services are exempt from the Stark Law under its "in-office ancillary services exception," among others. Our diagnostic laboratory is also subject to the Stark Law, but we believe that we have structured our agreements with physicians so as to not violate the Stark Law and related regulations.

The Stark Law and similar state statutes are subject to different interpretations with respect to many important provisions. Violations of these self-referral laws may result in substantial civil or criminal penalties, including treble damages for amounts improperly claimed, civil monetary penalties of up to $15,000 per prohibited service billed, up to $100,000 per prohibited circumvention scheme and exclusion from participation in the Medicare and Medicaid and other federal and state healthcare programs. Violations of the Stark Law will also create liability under the federal False Claims Act. Exclusion of our ASCs or hospitals from these programs through judicial or agency interpretation of existing laws or additional legislative restrictions on physician ownership or investments in healthcare entities could result in a significant loss of reimbursement revenue. We cannot provide assurances that CMS will not undertake other rulemaking to address additional revisions to or interpretations of the Stark Law regulations. If future rules modify the provisions of the Stark Law regulations that are applicable to our business, our revenue and profitability could be materially adversely affected and could require us to modify our relationships with our physician and healthcare system partners.

Federal law restricts the ability of our surgical hospitals to expand surgical capacity.

The Stark Law includes an exception that permits physicians to refer Medicare and Medicaid patients to hospitals in which they have an ownership interest if certain requirements are met. However, the Affordable Care Act dramatically curtailed this exception and prohibits physician ownership in hospitals that did not have a Medicare provider agreement by December 31, 2010. This prohibition does not apply to any of our five surgical hospitals, each of which had a Medicare provider agreement in place prior to December 31, 2010 and are therefore able to continue operating with their pre-IPO Ownership structure. However, the Affordable Care Act prohibits "grandfathered" hospitals from increasing their percentage of physician ownership, and it limits to a certain extent their ability to grow, because it prohibits such hospitals from increasing the aggregate number of inpatient beds, operating rooms and procedure rooms.

Companies within the healthcare industry continue to be the subject of federal and state audits and investigations, and we may be subject to such audits and investigations, including actions for false and other improper claims.

Federal and state government agencies, as well as commercial payors, have increased their auditing and administrative, civil and criminal enforcement efforts as part of numerous ongoing investigations of healthcare organizations. These audits and investigations relate to a wide variety of topics, including the following: cost reporting and billing practices; quality of care; financial reporting; financial relationships with referral sources; and medical necessity of services provided. In addition, the Office of the Inspector General of the U.S. Department of Health and Human Services (the "OIG") and the U.S. Department of Justice ("DOJ") have, from time to time, undertaken national enforcement initiatives that focus on specific billing practices or other suspected areas of abuse. In its 2013 Work Plan, the OIG stated its intention to review the safety and quality of care for Medicare beneficiaries having surgeries and procedures in ASCs and hospital outpatient departments. We have not received any material related audit letters to date.

The federal government is authorized to impose criminal, civil and administrative penalties on any person or entity that files a false claim for payment from the Medicare or Medicaid programs and other federal and state healthcare programs. Claims filed with private insurers can also lead to criminal and civil penalties, including, but not limited to, penalties relating to violations of federal mail and wire fraud statutes, as well as penalties under the anti-fraud provisions of the HIPAA (as defined below). While the criminal statutes are generally reserved for instances of fraudulent intent, the federal government is applying its criminal, civil and administrative penalty statutes in an ever-expanding range of circumstances, including claiming payment for unnecessary services if the claimant merely should have known the services were unnecessary and claiming payment for low-quality services if the claimant should have known that the care was substandard. In addition, a violation of the Stark Law or the Anti-Kickback Statute can result in liability under the False Claims Act ("FCA").

Over the past several years, the federal government has investigated an increasing number of healthcare providers for potential FCA violations, which, among other things, prohibits a person from knowingly presenting, or causing to be presented, a false or fraudulent claim to the federal government. The statute defines "knowingly" to include not only actual knowledge of a claim's falsity, but also reckless disregard for or intentional ignorance of the truth or falsity of a claim. Violators of the FCA are subject to severe financial penalties, including treble damages and per claim penalties in excess of $10,000. Because our facilities perform hundreds or thousands of similar procedures each year for which they are paid by Medicare, and since the statute of limitations for such claims exceeds for six years under

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normal circumstances (and possibly as long as ten years in the event of failure to discover material facts), a repetitive billing error or cost reporting error could result in significant, material repayments and civil or criminal penalties.

Moreover, another trend impacting healthcare providers is the increased use of the FCA, particularly by individuals who bring actions under that law. Under the "qui tam," or whistleblower, provisions of the FCA, private parties may bring actions on behalf of the federal government. If the government intervenes and prevails in the action, the defendant may be required to pay three times the actual damages sustained by the government, plus mandatory civil monetary penalties of between $5,500 and $11,000 for each false claim submitted to the government. These private parties, often referred to as relators, are entitled to share in any amounts recovered by the government through trial or settlement. These qui tam cases are sealed by the court at the time of filing. The only parties privy to the information contained in the complaint are the relator, the federal government and the presiding court. It is possible that qui tam lawsuits have been filed against us and that we are unaware of such filings. Both direct enforcement activity by the government and whistleblower lawsuits under the FCA have increased significantly in recent years; thus, the risk that we will have to defend a false claims action, pay significant fines or be excluded from the Medicare and Medicaid programs has increased.

In addition, the Fraud Enforcement and Recovery Act of 2009 ("FERA") further expanded the scope of the FCA to create liability for knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government and FERA, along with statutory provisions found in the Acts, created federal False Claims Act liability for the knowing failure to report and return an overpayment within 60 days of the identification of the overpayment or, in certain cases, the date by which a corresponding cost report is due, whichever is later. Governmental authorities may challenge or scrutinize our operations or we may be the subject of a whistleblower lawsuit at any time. A determination that we have violated these laws could have a material adverse effect on our business, prospects, results of operations and financial condition.

The Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (the "HITECH Act"), and their implementing regulations (collectively referred to as "HIPAA") also created new federal criminal statutes that prohibit among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

In addition, a person who offers or transfers to a Medicare or Medicaid beneficiary any remuneration, including waivers of co-payments and deductible amounts (or any part thereof), that the person knows or should know is likely to influence the beneficiary's selection of a particular provider, practitioner or supplier of Medicare or Medicaid payable items or services may be liable for civil monetary penalties of up to $10,000 for each wrongful act. Moreover, in certain cases, providers who routinely waive copayments and deductibles for Medicare and Medicaid beneficiaries can also be held liable under the Anti-Kickback Statute and civil False Claims Act, which can impose additional penalties associated with the wrongful act. Although this prohibition applies only to federal healthcare program beneficiaries, the routine waivers of copayments and deductibles offered to patients covered by commercial payors may implicate applicable state laws related to, among other things, unlawful schemes to defraud, excessive fees for services, tortious interference with patient contracts and statutory or common law fraud. To the extent our patient assistance programs or other discount policies are found to be inconsistent with applicable laws, we may be required to restructure or discontinue such programs, or be subject to other significant penalties.

To enforce compliance with the federal laws, the DOJ has recently increased its scrutiny of interactions between health care companies and health care providers, which has led to a number of investigations, prosecutions, convictions and settlements in the health care industry. Dealing with investigations can be time and resource consuming and can divert management's attention from the business. In addition, settlements with the DOJ or other law enforcement agencies have forced healthcare providers to agree to additional compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business.

We are also subject to various state laws and regulations, as well as contractual provisions with commercial payors that prohibit us from submitting inaccurate, incorrect or misleading claims. We cannot be sure that none of our surgical facilities' claims will ever be challenged. If we were found to be in violation of a state's laws or regulations, or of a commercial payor contract, we could be forced to discontinue the violative practice and be subject to recoupment actions, fines and criminal penalties, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

All payors are increasingly conducting post-payment audits. For example, CMS has implemented the RAC program, involving Medicare claims audits nationwide. Under the program, CMS contracts with RACs on a contingency fee basis to conduct post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program. The Affordable Care Act expanded the RAC program's scope to include managed Medicare plans and to include Medicaid claims. In addition, CMS employs Medicaid Integrity Contractors ("MICs") to perform post-payment audits of Medicaid claims and identify overpayments. The Affordable Care Act increases federal funding for the MIC program. In addition to RACs and MICs, the state Medicaid agencies and other contractors have increased their review activities. We are regularly subject to these external audits and we also perform both internal and third-party audits and monitoring.

For instance, recently HMS Federal Solutions, a MIC, completed an audit of one of our surgical hospitals for the period July 1, 2009 through May 31, 2012 and determined an overpayment obligation in the amount of approximately $4.6 million based on its extrapolation of a statistical sampling of claims, as well as a civil monetary penalty in the amount of $162,000, for a total amount owed to Idaho's Department of Health and Welfare, Medicaid Program Integrity Unit of approximately $4.7 million for failure to comply with Medicaid rules by billing for (i) non-covered services, (ii) services provided by non-eligible providers, (iii) services not provided and (iv) unauthorized services. We have appealed the audit and are currently awaiting the result.

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Although all other repayments requested to date as a result of RAC, MIC and ZPIC audits have not been material to our Company, we are unable to quantify the aggregate financial impact of these audits on our facilities given the pending appeals and uncertainty about the extent of future audits and whether the underlying conduct could be considered systemic. As such, the resolution of these audits could have a material adverse effect on our business, prospects, results of operations and financial condition.

Failure to comply with Medicare's conditions for coverage and conditions of participation may result in loss of program payment or other governmental sanctions.

To participate in and receive payment from the Medicare program, our facilities must comply with regulations promulgated by CMS. These regulations, known as "conditions for coverage" for ASCs and "conditions of participation" for hospitals, set forth specific requirements with respect to, among other things, the facility's physical plant, equipment, personnel and standards of medical care. All of our surgery centers and surgical hospitals are certified to participate in the Medicare program. As such, these facilities are subject to on-site, unannounced surveys by state survey agencies working on behalf of CMS. Under the ASC survey process, the surveyors are becoming more familiar with expanded interpretive guidance and the updated ASC conditions for coverage, which may lead to an increased number of deficiency citations requiring remedy with appropriate action plans. Failure to comply with Medicare's conditions for coverage or conditions of participation may result in loss of payment or other governmental sanctions, including termination from participation in the Medicare program. We have established ongoing quality assurance activities to monitor our facilities' compliance with these conditions and respond to surveys, but we cannot be sure that our facilities are or will always remain in full compliance with the requirements.

Our use and disclosure of personally identifiable information, including health information, is subject to federal and state privacy and security regulations, and our failure to comply with these regulations or to adequately secure the information we hold could result in significant liability or reputational harm.

HIPAA as well as numerous other federal and state laws and regulations, govern the collection, dissemination, use, privacy, security, confidentiality, integrity and availability of personally identifiable information ("PII"), including protected health information ("PHI"). HIPAA applies national privacy and security standards for PHI to covered entities such as us. HIPAA requires covered entities to maintain policies and procedures governing PHI that is used or disclosed, and to implement administrative, physical and technical safeguards to protect PHI, including PHI maintained, used and disclosed in electronic form. These safeguards include teammate training, identifying "business associates" with whom we need to enter into HIPAA-compliant contractual arrangements and various other measures. Ongoing implementation and oversight of these measures involves significant time, effort and expense. While we undertake substantial efforts to secure the PHI we maintain, use and disclose in electronic form, a cyber-attack or other intrusion that bypasses our information security systems causing an information security breach, loss of protected health information or other data subject to privacy laws or a material disruption of our operational systems could result in a material adverse impact on our business, along with potentially substantial fines and penalties. Ongoing implementation and oversight of these security measures involves significant time, effort and expense.

HIPAA also requires our surgical facilities to use standard transaction code sets and identifiers for certain standardized healthcare transactions, including billing and other claim transactions. We have undertaken significant efforts involving substantial time and expense to implement these requirements, and we anticipate that continual time and expense will be required to submit standardized transactions and to ensure that any newly acquired facilities can submit HIPAA-compliant transactions.

HIPAA requires covered entities to report breaches of unsecured protected health information to affected individuals without unreasonable delay and in no case later than 60 days after the discovery of the breach by the covered entity or its agents. Notification must also be made to HHS and, in certain situations involving large breaches, to the media. The HIPAA rules created a presumption that all non-permitted uses or disclosures of unsecured protected health information are breaches unless the covered entity establishes that there is a low probability the information has been compromised. HIPAA imposes mandatory civil and criminal penalties for violations of its requirements ranging up to $50,000 per violation, with a maximum civil penalty of $1.5 million in a calendar year for violations of the same requirement. However, a single breach incident can result in violations of multiple requirements, resulting in possible penalties well in excess of $1.5 million. In addition, the HITECH Act authorized state attorneys general to bring civil actions seeking either an injunction or damages in response to violations of HIPAA privacy and security regulations that threaten the privacy of state residents.

HIPAA also authorizes state attorneys general to bring civil actions seeking either an injunction or damages in response to violations of HIPAA privacy and security regulations that threaten the privacy of state residents. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA's requirements, its standards have been used as a basis for the duty of care in state civil suits, such as those for negligence or recklessness in the handling of PHI. In addition, HIPAA mandates that the Secretary of HHS conduct periodic compliance audits of HIPAA covered entities such as us.

In addition, many states in which we operate may impose laws that are more protective of the privacy and security of PII than HIPAA. Where these state laws are more protective than HIPAA, we have to comply with their stricter provisions. Only some of these state laws impose fines and penalties upon violators, but some may afford private rights of action to individuals who believe their PII has been misused. California's patient privacy laws, for example, provide for penalties of up to $250,000 and permit injured parties to sue for damages. Both state and federal laws are subject to modification or enhancement of privacy protection at any time. Our facilities will continue to remain subject to any federal or state privacy-related laws that are more restrictive than the privacy regulations issued under HIPAA. These statutes vary and could impose additional requirements on us and more severe penalties for disclosures of confidential health information. New health information standards could have a significant effect on the manner in which we do business, and the cost of complying with new standards could be significant. We may not remain in compliance with the diverse privacy requirements in all of the jurisdictions in which we do business. If we fail to comply with HIPAA or similar state laws, we could incur substantial civil monetary or criminal penalties.

Appendix 3

If we are unable to integrate and operate our information systems effectively or implement new systems and processes, our operations could be disrupted.

Our operations depend significantly on effective information systems, which require continual maintenance, upgrading and enhancement to meet our operational needs. Any system failure that causes an interruption in service or availability of our systems could adversely affect operations or delay the collection of revenue. Moreover, we use the development and implementation of sophisticated and specialized technology to improve our profitability, our growth and acquisition strategy will require frequent transitions and integration of various information systems. If we are unable to properly integrate other information systems or expand our current information systems it may have an adverse effect on our ability to obtain new business, retain existing business and maintain or increase our profit margins and we could suffer, among other things, operational disruptions, disruptions in cash flows and increases in administrative expenses.

Information security risks have generally increased in recent years because of threats from malicious persons and groups, new vulnerabilities, the proliferation of new technologies and the increased sophistication and activities of perpetrators of cyber-attacks. A failure in or breach of our operational or information security systems as a result of cyber-attacks or information security breaches could disrupt our business, result in the loss, disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs or lead to fines and financial losses. As a result, cyber security and the continued development and enhancement of the controls and processes designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for us. Although we believe that we have robust information security procedures and other safeguards in place, as cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures or to investigate and remediate any information security vulnerabilities.

Efforts to regulate the construction, acquisition or expansion of healthcare facilities could prevent us from acquiring additional surgical facilities, renovating our existing facilities or expanding the breadth of services we offer.

Some states require prior approval for the construction, acquisition or expansion of healthcare facilities or expansion of the services the facilities offer. In giving approval, these states consider the need for additional or expanded healthcare facilities or services, as well as the financial resources and operational experience of the potential new owners of existing healthcare facilities. In many of the states in which we currently operate, certificates of need must be obtained for capital expenditures exceeding a prescribed amount, changes in capacity or services offered and various other matters. The remaining states in which we now or may in the future operate may adopt similar legislation. Our costs of obtaining a certificate of need could be significant, and we cannot assure you that we will be able to obtain the certificates of need or other required approvals for additional or expanded surgical facilities or services in the future. In addition, at the time we acquire a surgical facility, we may agree to replace or expand the acquired facility. If we are unable to obtain required approvals, we may not be able to acquire additional surgical facilities, expand healthcare services we provide at these facilities or replace or expand acquired facilities.

If antitrust enforcement authorities conclude that our market share in any particular market is too concentrated, that our or our health system partners' commercial payor contract negotiating practices are illegal, or that we other violate antitrust laws, we could be subject to enforcement actions that could have a material adverse effect on our business, prospects, results of operations and financial condition.

The federal government and most states have enacted antitrust laws that prohibit certain types of conduct deemed to be anti-competitive. These laws prohibit price fixing, concerted refusal to deal, market monopolization, price discrimination, tying arrangements, acquisitions of competitors and other practices that have, or may have, an adverse effect on competition. Violations of federal or state antitrust laws can result in various sanctions, including criminal and civil penalties. Antitrust enforcement in the healthcare industry is currently a priority of the Federal Trade Commission (the "FTC"). We believe we are in compliance with federal and state antitrust laws, but courts or regulatory authorities may reach a determination in the future that could have a material adverse effect on our business, prospects, results of operations and financial condition.

The healthcare laws and regulation to which we are subject is constantly evolving and may change significantly in the future.

The regulation applicable to our business and to the healthcare industry generally to which we are subject is constantly in a state of flux. While we believe that we have structured our agreements and operations in material compliance with applicable healthcare laws and regulations, there can be no assurance that we will be able to successfully address changes in the current regulatory environment. We believe that our business operations materially comply with applicable healthcare laws and regulations. However, some of the healthcare laws and regulations applicable to us are subject to limited or evolving interpretations, and a review of our business or operations by a court, law enforcement or a regulatory authority might result in a determination that could have a material adverse effect on us. Furthermore, the healthcare laws and regulations applicable to us may be amended or interpreted in a manner that could have a material adverse effect on our business, prospects, results of operations and financial condition.

Risks Related to Our Common Stock

We are a "controlled company" within the meaning of NASDAQ rules and, therefore, we qualify for, and currently rely on, exemptions from certain corporate governance requirements. Our stockholders do not have the same protections afforded to stockholders of companies that are subject to such requirements.

As of December 31, 2016, H.I.G. Surgery Centers, LLC, an affiliate of H.I.G. Capital, LLC (collectively, our "H.I.G.") controlled a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of NASDAQ. Under these rules, a company of which more than a majority of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements including:

- the requirement that a majority of the board of directors consist of independent directors;

- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

As of December 31, 2016, we have availed ourselves of certain of these exemptions. As a result, we do not have a majority of independent directors and we do not have a nominating and corporate governance committee. Accordingly, our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ.

There can be no assurance as to the period of time during which H.I.G. will maintain its ownership of our common stock.

H.I.G. has significant influence over us, including control over decisions that require the approval of stockholders, which could limit our stockholders' ability to influence the outcome of key transactions, including a change of control.

As of December 31, 2016, we were controlled by H.I.G.. As of that time, H.I.G. beneficially owned 55% of our outstanding common stock. For as long as H.I.G. continues to beneficially own shares of common stock representing more than a majority of the voting power of our common stock, it will be able to direct the election of all of the members of our board of directors and could exercise a controlling influence over our business and affairs, including any determinations with respect to mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional common stock or other equity securities, the repurchase or redemption of common stock and the payment of dividends. Similarly, H.I.G. will have the power to determine matters submitted to a vote of our stockholders without the consent of our other stockholders, will have the power to prevent a change in our control and could take other actions that might be favorable to it. Even if H.I.G. ceases to beneficially own a majority of the voting power of our common stock, it will continue to be able to strongly influence or effectively control our decisions.

Additionally, H.I.G. is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. H.I.G. may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

Our stock price could be extremely volatile, and, as a result, our stockholders may not be able to resell their shares at or above the price paid for them.

The stock market in general has been highly volatile. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease, which could be substantial, in the value of their stock, including decreases unrelated to our operating performance or prospects, and could lose part or all of their investment. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including those described elsewhere in this report and others such as:

- variations in our operating performance and the performance of our competitors;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- announcements by us, our competitors or our vendors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments affecting us or our industry;
- speculation in the press or investment community;
- changes in accounting principles;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters and other calamities; and
- changes in general market and economic conditions.

In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

Future issuances of capital stock may dilute our stockholders' percentage ownership in us, which could reduce their influence over matters on which stockholders vote.

Our board of directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock. Issuances of common stock or voting preferred stock would reduce our current stockholders' influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, would likely result in common stockholders' interest in us being subject to the prior rights of holders of that preferred stock.

Provisions in our charter documents and Delaware law may deter takeover efforts that could be beneficial to stockholder value.

Our certificate of incorporation and by-laws and Delaware law contain provisions that could make it harder for a third party to acquire us, even if doing so might be beneficial to our stockholders. These provisions include a classified board of directors and limitations on actions by our stockholders. In addition, our board of directors has the right to issue preferred stock without stockholder approval that could be used to dilute a potential hostile acquiror. Our certificate of incorporation also imposes some restrictions on mergers and other business combinations between us and any holder of 15.0% or more of our outstanding common stock other than affiliates of H.I.G.. As a result, our stockholders may lose their ability to sell their stock for a price in excess of the prevailing market price due to these protective measures, and efforts by stockholders to change the direction or management of the Company may be unsuccessful.

Our amended and restated certificate of incorporation designates courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws or (iv) any other action asserting a claim against us that is governed by the internal affairs doctrine (each, a "Covered Proceeding"). In addition, our amended and restated certificate of incorporation provides that if any action the subject matter of which is a Covered Proceeding is filed in a court other than the specified Delaware courts without the approval of our board of directors (each, a "Foreign Action"), the claiming party will be deemed to have consented to (i) the personal jurisdiction of the specified Delaware courts in connection with any action brought in any such courts to enforce the exclusive forum provision described above and (ii) having service of process made upon such claiming party in any such enforcement action by service upon such claiming party's counsel in the Foreign Action as agent for such claiming party. Any person or entity purchasing or otherwise acquiring any interest in shares of our stock shall be deemed to have notice of and to have consented to these provisions. These provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

Because we have no current plans to pay cash dividends on our common stock for the foreseeable future, our stockholders may not receive any return on investment unless they sell their common stock for a price greater than that which they paid for it.

We may retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our senior credit facility. As a result, our stockholders may not receive any return on an investment in our common stock unless they sell their common stock for a price greater than that which they paid for it.

We have ceased to be an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and therefore, the reduced disclosure requirements applicable to emerging growth companies no longer apply to us.

We have ceased to be an "emerging growth company" under the JOBS Act. Accordingly, we are now subject to certain disclosure requirements that are applicable to other public companies that were not applicable to us as an "emerging growth company" and, as a result, we expect to incur significant additional expenses and devote substantial management effort toward ensuring compliance with these requirements, including the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), full disclosure obligations regarding executive compensation in our proxy statements and the requirements of holding a nonbinding advisory vote on certain executive compensation matters, such as "say on pay" and "say on frequency."

At the time of our initial public offering in 2015, we irrevocably elected not to take advantage of Section 107 of the JOBS Act which provides an "emerging growth company" with an extended transition period for complying with new or revised financial accounting standards. Accordingly, we have complied with new or revised financial accounting standards on the relevant dates on which adoption of such standards was required for non-emerging growth companies.

We are obligated to report on the effectiveness of our internal controls over financial reporting. These internal controls may not be effective and our independent registered public accounting firm may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business and reputation. Additionally, we have identified a material weakness in our internal control over financial reporting which could, if not remediated, result in material misstatements in our financial statements.

As a public company, we are required to evaluate our internal controls over financial reporting and to comply with Section 404 of the Sarbanes-Oxley Act. At such time, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

As disclosed in Item 9A. "Controls and Procedures", in connection with management's assessment of our internal control over financial reporting as of December 31, 2016, management recognized certain control deficiencies in our internal control over financial reporting pertaining to lack of documentation evidencing certain controls involving revenue, accounts receivable and related allowances, which aggregates to a material weakness as of December 31, 2016. We have developed a plan to remediate this material weakness, but there can be no assurance as to when the remediation plan will be fully implemented, or that the plan, as currently designed, will adequately remediate the material weakness. If these measures prove to be insufficient to remediate the material weakness, or if additional material weaknesses or significant deficiencies in internal control are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, or the accuracy of our financial reporting could be adversely affected resulting in reputational harm, distractions to management and our board of directors, and disruptions to our business.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business.

As a public company, we are subject to the reporting requirements of the Exchange Act, and requirements of the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. We have, and will continue to be, implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As a public company, it is more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. This could also make it more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees, or as executive officers.

Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions, and other regulatory action and potentially civil litigation, which could have a material adverse effect on our financial condition and results of operations.

If securities or industry analysts do not continue to publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If securities or industry analysts ceases coverage of us or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price and trading volume to decline. If one or more of the analysts who covers us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in Nashville, Tennessee at 40 Burton Hills Boulevard, Suite 500, where we currently lease approximately 44,000 square feet of office space under a lease that extends through December 31, 2017. We have entered into a lease agreement to transfer our corporate headquarters to a location in Brentwood, Tennessee upon expiration of our current lease on December 31, 2017. The new space will be approximately 68,000 square feet. In addition, certain of our corporate operational functions are located in Tampa, Florida at 5426 Bay Center Drive, Suite 300, where we currently lease approximately 31,000 square feet of office space. This lease expires in April 2018. We believe these spaces are sufficient and adequate for our needs at this time.

Our surgical facilities typically are located on real estate leased by the partnership or limited liability company that operates the facility. These leases generally have initial terms of ten years, but range from two to 15 years. Most of the leases contain options to extend the lease period for up to ten additional years. The surgical facilities are generally responsible for property taxes, property and casualty insurance and routine maintenance expenses. One of our surgical facilities is located on real estate owned by the limited partnership or limited liability company that owns the surgical facility. We generally guarantee the lease obligations of the partnerships and limited liability companies that own our surgical facilities.

Additional information about our surgical facilities and our other properties can be found in Item 1 of this report under the caption, "Business—Surgical Facility Operations."

Item 3. Legal Proceedings

We are, from time to time, subject to claims and suits arising in the ordinary course of business, including claims for damages for personal injuries, breach of management contracts and employment related claims. In certain of these actions, plaintiffs request payment for damages, including punitive damages, that may not be covered by insurance. In the opinion of management, we are not currently a party to any proceedings that would have a material adverse effect on our business, financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock trades under the symbol "SGRY" on the NASDAQ Global Select Market. The IPO of our common stock occurred on October 1, 2015. The following table shows the high and low sales prices per share for our common stock by quarter from the date of the IPO through December 31, 2016 on the NASDAQ Global Select Market:

	Fiscal 2016		Fiscal 2015 [1]	
Stock Price	High	Low	High	Low
First quarter	$ 20.40	$ 11.97	N/A	N/A
Second quarter	18.45	11.76	N/A	N/A
Third quarter	20.78	15.94	N/A	N/A
Fourth quarter	20.93	13.60	22.32	16.26

[1] For Fiscal 2015, reflects the period starting at the date of the IPO.

Holders

As of March 9, 2017, there were 51 holders of record of our common stock. The actual number of common stockholders is greater than the number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

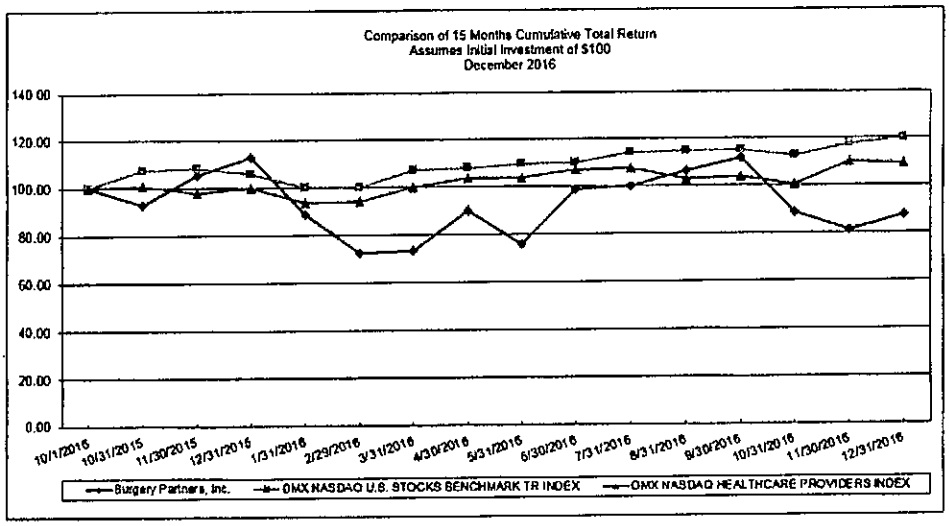
We have never declared or paid a cash dividend on our common stock, and have no current plans to declare or pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our credit facility. Additionally, because we are a holding company, we would depend on distributions from our subsidiaries to fund any potential dividends.

Equity Compensation Plans

See Item 12 for information with respect to the Company's equity compensation plans.

Stock Performance Graph

The following graph compares the cumulative total shareholder return on our common stock from October 1, 2015 (using the closing price of our shares of common stock on October 1, 2015, the day they were initially sold to the public) to December 31, 2016 to that of the total return of the indices below, using the same date range. The comparison assumes $100 was invested in our common stock and in each of the indices on October 1, 2015 and assumes the reinvestment of dividends, if any.



This graph is furnished and not filed with the SEC or soliciting material under the Exchange Act and shall not be incorporated by reference into any such filings, irrespective of any general incorporation contained in such filing. The stock performance shown on the graph represents historical stock performance and is not necessarily indicative of future stock price performance.

Appendix 3

Item 6. Selected Financial Data

The following selected consolidated financial and other data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and our audited consolidated financial statements and the related notes included elsewhere in this report. The selected consolidated statements of operations data and cash flow data set forth below for the years ended December 31, 2016, 2015, 2014, 2013 and 2012, and the selected consolidated balance sheets data set forth below as of December 31, 2016, 2015, 2014, 2013 and 2012 are derived from our audited consolidated financial statements.

The historical results presented below are not necessarily indicative of the results to be expected for any future period (dollars in thousands, except per share amounts):

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Consolidated Statements of Operations Data:					
Revenues	$ 1,145,438	$ 959,891	$ 403,289	$ 284,599	$ 260,215
Operating expenses:					
Cost of revenues	821,196	669,326	254,178	169,844	159,346
General and administrative expenses (includes contingent acquisition compensation expense of $5,092 for the year ended December 31, 2016)	60,246	55,992	31,452	26,339	25,263
Depreciation and amortization	39,551	34,545	15,061	11,663	11,208
Provision for doubtful accounts	24,212	23,578	9,509	5,885	3,073
Income from equity investments	(4,764)	(3,777)	(1,264)	—	—
Loss (gain) on disposal or impairment of long-lived assets, net	2,355	(2,097)	1,804	2,482	832
Loss on debt extinguishment	11,876	16,102	23,414	9,863	—
Merger transaction and integration costs	8,738	17,920	21,690	—	—
Gain on litigation settlement	(14,101)	—	—	—	—
Termination of management agreement and IPO costs	—	5,834	—	—	—
Electronic health records incentive income	(408)	(1,761)	(3,356)	—	—
Other expenses (income)	55	(525)	(6)	297	40
Total operating expenses	948,956	815,137	352,482	226,373	199,762
Operating income	196,482	144,754	50,807	58,226	60,453
Tax receivable agreement expense	(3,733)	(119,911)	—	—	—
Interest expense, net	(100,571)	(100,980)	(62,101)	(32,929)	(28,482)
Income (loss) before income taxes	92,178	(76,137)	(11,294)	25,297	31,971
Income tax expense (benefit)	7,095	(148,982)	15,758	7,570	6,110
Net income (loss)	85,083	72,845	(27,052)	17,727	25,861
Less: Net income attributable to non-controlling interests	(75,630)	(71,416)	(38,845)	(26,789)	(23,945)
Net income (loss) attributable to Surgery Partners, Inc.	$ 9,453	$ 1,429	$ (65,897)	$ (9,062)	$ 1,916
Net income (loss) per share attributable to common stockholders					
Basic	0.20	0.04	(2.04)	(0.28)	0.06
Diluted [1]	0.20	0.04	(2.04)	(0.28)	0.06
Consolidated Statements of Cash Flow Data:					
Net cash provided by operating activities	$ 125,239	$ 84,481	$ 21,949	$ 49,078	$ 46,377
Net cash used in investing activities	(184,749)	(134,842)	(271,016)	(3,622)	(3,468)
Net cash provided by (used in) financing activities	71,276	33,374	310,961	(37,662)	(43,061)
Other Data:					
Adjusted EBITDA [2]	$ 179,263	$ 158,053	$ 77,034	$ 57,900	$ 56,959
Adjusted EBITDA as a % of revenues	15.7%	16.5%	19.1%	20.3%	19.6%
Number of surgical facilities as of the end of period [3]	104	101	103	47	49
Number of consolidated surgical facilities included as of the end of period	94	90	91	47	49

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Consolidated Balance Sheets Data:					
Working capital	$ 175,230	$ 129,668	$ 127,258	$ 40,056	$ 31,691
Total assets	2,304,958	2,104,443	1,855,771	470,929	465,096
Long-term debt, less current maturities	1,414,421	1,228,112	1,336,243	414,787	285,783
Total stockholders' equity (deficit)	324,674	297,927	29,536	(14,375)	124,106

(1) The impact of potentially dilutive securities for the years ended December 31, 2014 and 2013 was not considered because the effect would be anti-dilutive in each of those periods.

(2) When we use the term "Adjusted EBITDA," it is referring to net income minus (a) net income attributable to non-controlling interests plus (b) income tax (benefit) expense, (c) interest and other expense, net, (d) depreciation and amortization, (e) termination of management agreement and IPO costs, (f) management fee, (g) merger transaction, integration and practice acquisition costs, (h) non-cash stock compensation expense, (i) loss on debt refinancing, (j) contingent acquisition compensation expense, (k) tax receivable agreement expense, (l) gain on litigation settlement and (m) (loss) gain on disposal or impairment of long-lived assets. Non-controlling interests represent the interests of third parties, such as physicians, and in some cases, healthcare systems that own an interest in surgical facilities that we consolidate for financial reporting purposes. Our operating strategy is to apply a market-based approach in structuring its partnerships with individual market dynamics driving the structure. We believe that it is helpful to investors to present Adjusted EBITDA as defined above because it excludes the portion of net income attributable to these third-party interests and clarifies for investors our portion of Adjusted EBITDA generated by its surgical facilities and other operations.

We use Adjusted EBITDA as a measure of liquidity. It is included because we believe that it provides investors with additional information about its ability to incur and service debt and make capital expenditures.

Adjusted EBITDA is not a measurement of financial performance or liquidity under Generally Accepted Accounting Principles ("GAAP"). It should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating, investing or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating financial performance and liquidity. The Company's calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - EBITDA, Adjusted EBITDA and Credit Agreement EBITDA" for a table showing the reconciliation of Adjusted EBITDA to net income.

(3) Includes surgical facilities that we manage but in which we have no ownership interest.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Item 6. "Selected Financial Data" and our audited consolidated financial statements and related notes included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. For additional information regarding some of the risks and uncertainties that affect our business and the industry in which we operate, please see Item 1A. "Risk Factors" and Item 9A. "Controls and Procedures" found elsewhere in this report. Our actual results may differ materially from those estimated or projected in any of these forward-looking statements. Unless otherwise indicated or the context otherwise requires, references herein to the "Company", "Surgery Partners", "we", "us" and "our" refer to, (i) Surgery Center Holdings, LLC and its consolidated subsidiaries, including Surgery Center Holdings, Inc., immediately prior to the Reorganization and (ii) Surgery Partners, Inc. and its consolidated subsidiaries, including Surgery Center Holdings, LLC and Surgery Center Holdings, Inc., immediately following the Reorganization. Unless the context implies otherwise, the term "affiliates" means direct and indirect subsidiaries of Surgery Center Holdings, LLC and Surgery Partners, Inc., as applicable, and partnerships and joint ventures in which such subsidiaries are partners. The terms "facilities" or "hospitals" refer to entities owned and operated by affiliates of Surgery Partners, and the term "employees" refers to employees of affiliates of Surgery Partners.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements, which are based on our current expectations, estimates and assumptions about future events. All statements other than statements of current or historical fact contained in this report, including statements regarding our future financial position, business strategy, budgets, effective tax rate, projected costs and plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "plan," "will," and similar expressions are generally intended to identify forward-looking statements. These statements involve risks, uncertainties and other factors that may cause actual results to differ from the expectations expressed in the statements. Many of these factors are beyond our ability to control or predict. These factors include, without limitation: (i) reductions in payments from government healthcare programs and managed care organizations; (ii) inability to contract with private third-party payors; (iii) changes in our payor mix or surgical case mix; (iv) failure to maintain relationships with our physicians; (v) payor controls designed to reduce the number of surgical procedures; (vi) inability to integrate operations of acquired surgical facilities, attract new physician partners, or acquire additional surgical facilities; (vii) shortages or quality control issues with surgery-related products, equipment and medical supplies; (viii) competition for physicians, nurses, strategic relationships, acquisitions and managed care contracts; (ix) inability to enforce non-compete restrictions against our physicians; (x) material liabilities incurred as a result of acquiring surgical facilities; (xi) litigation or medical malpractice claims; (xii) changes in the regulatory, economic and other conditions of the states where our surgical facilities are located; (xiii) substantial payments we expect to be required to make under the tax receivable agreement; and (xiv) other risks and uncertainties described in this report.

In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur, and actual results could differ materially from those anticipated or implied in the forward-looking statements. When you consider these forward-looking statements, you should keep in mind these risk factors and other cautionary statements in this report.

These forward-looking statements speak only as of the date made. Other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Overview

As of March 10, 2017, we owned and operated a national network of surgical facilities, physician practices and a suite of ancillary services in 29 states. Our surgical facilities, which include ASCs and surgical hospitals, primarily provide non-emergency surgical procedures across many specialties, including, among others, gastroenterology ("GI"), general surgery, ophthalmology, orthopedics and pain management. Our surgical hospitals provide services, such as diagnostic imaging, laboratory, obstetrics, oncology, pharmacy, physical therapy and wound care. Our portfolio of outpatient surgical facilities is complemented by our suite of ancillary services, which support our physicians in providing high quality and cost-efficient patient care. These ancillary services are comprised of a diagnostic laboratory, multi-specialty physician practices, urgent care facilities, anesthesia services, optical services and specialty pharmacy services. As a result, we believe we are well positioned to benefit from rising consumerism and payors' and patients' focus on the delivery of high quality care and superior clinical outcomes in the lowest cost and care setting.

As of March 10, 2017, we owned or operated, primarily in partnership with physicians, a portfolio of 104 surgical facilities comprised of 99 ASCs and five surgical hospitals across 29 states. We owned a majority interest in 74 of the surgical facilities and consolidated 94 facilities for financial reporting purposes. In addition to surgical facilities, we owned or operated a network of 56 physician practices.

We continue to focus on improving our same-facility performance, selectively acquiring established facilities and developing new facilities. During the year ended December 31, 2016, the Company acquired a controlling interest in two surgical facilities and two anesthesia practices in new markets and a surgical facility in an existing market which was merged into an existing facility and an anesthesia practices in an existing market for $36.5 million. The Company additionally completed acquisitions in existing markets of an urgent care facility, nine physician practices and two integrated physician practices which includes three ASCs, a lab and a pharmacy for a combined purchase price of $114.7 million, net of $16.6 million of contingent acquisition consideration, adding a total of 19 physicians to our physician network. In addition, the Company purchased an additional 7.04% interest in its hospital in Idaho Falls, Idaho for $20.3 million.

On October 1, 2015, we completed our initial public offering ("IPO") of 14,285,000 shares of common stock at an offering price of $19.00 per share. On October 6, 2015, we received net proceeds from the sale of common stock in this offering of $255.8 million, after deducting underwriting discounts and other fees of $15.6 million. These net proceeds were used to repay a portion of the borrowings outstanding under the 2014 Second Lien and to pay fees associated with this offering. The Company also incurred an additional $4.8 million in costs directly related to the IPO.

On November 3, 2014, we completed the acquisition of Symbion Holdings Corporation ("Symbion") ("the Merger"), which added 55 surgical facilities, including 49 ASCs and six surgical hospitals, to our network of existing facilities. We acquired Symbion for a purchase price of $792.0 million pursuant to the terms of an Agreement and Plan of Merger dated as of June 13, 2014. The Symbion acquisition was financed through the issuance of approximately $1.4 billion.

Revenues

Our revenues consist of patient service revenues and other service revenues. Patient service revenues consist of revenue from our surgical facility services and ancillary services segments. Specifically, patient service revenues include fees for surgical or diagnostic procedures performed at surgical facilities that we consolidate for financial reporting purposes, as well as for patient visits to our physician practices, anesthesia services, pharmacy services and diagnostic screens ordered by our physicians. Other service revenues consist of product sales from our optical laboratories, as well as the discounts and handling charges billed to the members of our optical products purchasing organization. Other service revenues also include management and administrative service fees derived from our non-consolidated facilities that we account for under the equity method, management of surgical facilities and physician practices in which we do not own an interest and management services we provide to physician practices for which we are not required to provide capital or additional assets.

The following table summarizes our revenues by service type as a percentage of total revenues for the periods indicated:

	Year Ended December 31,		
	2016	2015	2014
Patient service revenues:			
Surgical facilities revenues	90.3%	91.6%	83.9%
Ancillary services revenues	7.9%	6.4%	12.3%
	98.2%	98.0%	96.2%
Other service revenues:			
Optical services revenues	1.1%	1.5%	3.5%
Other	0.7%	0.5%	0.3%
	1.8%	2.0%	3.8%
Total revenues	100.0%	100.0%	100.0%

Payor Mix

The following table sets forth by type of payor the percentage of our patient service revenues generated at the surgical facilities which we consolidate for financial reporting purposes in the periods indicated:

	Year Ended December 31,		
	2016	2015	2014
Private insurance payors	51.5%	55.0%	52.1%
Government payors	39.9%	38.2%	34.5%
Self-pay payors	1.8%	1.7%	3.5%
Other payors[1]	6.8%	5.1%	9.9%
Total	100.0%	100.0%	100.0%

(1) Other is comprised of auto liability, letters of protection and other payor types.

Surgical Case Mix

We primarily operate multi-specialty surgical facilities where physicians perform a variety of procedures in various specialties, including OI, general surgery, ophthalmology, orthopedics and pain management, among others. We believe this diversification helps to protect us from adverse pricing and utilization trends in any individual procedure type and results in greater consistency in our case volume.

The following table sets forth the percentage of cases in each specialty performed at the surgical facilities which we consolidate for financial reporting purposes for the periods indicated:

	Year Ended December 31,		
	2016	2015	2014
Gastrointestinal	22.7%	22.2%	15.0%
General surgery	2.4%	2.9%	2.9%
Ophthalmology	29.4%	30.0%	40.7%
Orthopedics and pain management	32.4%	30.5%	33.1%
Other	13.1%	14.4%	8.3%
Total	100.0%	100.0%	100.0%

The changes in our surgical case mix are primarily attributable to the Symbion acquisition. On a pro forma basis, when effecting the 2014 period for Symbion, the surgical case mix is consistent with the 2015 and 2016 periods.

Same-facility Information

Same-facility revenues include revenues from our consolidated and non-consolidated surgical facilities (excluding facilities acquired in new markets or divested during the current and prior periods) along with the revenues from our ancillary services comprised of a diagnostic laboratory, multi-specialty physician practices, urgent care facilities, anesthesia services, optical services and specialty pharmacy services that complement our surgical facilities in our existing markets.

	Year Ended December 31,	
	2016	2015
Cases	427,537	401,134
Case growth	6.6%	N/A
Revenues per case	$ 2,611	$ 2,481
Revenues per case growth	5.2%	N/A
Number of facilities	95	N/A

Operating Income Margin

Our operating income margin for the year ended December 31, 2016 increased to 17.2% from 15.1% during the year ended December 31, 2015. During the year ended December 31, 2016, we recorded $8.7 million of merger transaction and integration costs related to the Merger and other acquisitions, a loss on debt extinguishment of $11.9 million, a gain on litigation settlement of $14.1 million, contingent acquisition compensation expense of $5.1 million and a loss on disposal of long-lived assets of $2.4 million. Excluding the impact of these items, our operating income margin was 18.4% for the year ended December 31, 2016.

During the year ended December 31, 2015, we recorded $17.9 million of merger transaction and integration costs related to the Merger, a loss on debt extinguishment of $16.1 million, IPO equity-based compensation expense of $6.2 million, termination of management agreement and IPO costs of $5.8 million and a gain on disposal of long-lived assets of $2.1 million. Excluding the impact of these items, our operating income margin was 19.7% for the year ended December 31, 2015. The decrease in the adjusted operating income margin year over year is primarily related to the effects of the laboratory rate reductions from CMS, which accounted for approximately 0.9% of the decrease.

Segment Information

A public company is required to report annual and interim financial and descriptive information about its reportable operating segments. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or "CODM," in deciding how to allocate resources and in assessing performance. Aggregation of similar operating segments into a single reportable operating segment is permitted if the businesses have similar economic characteristics and meet the criteria established by GAAP.

Our business is comprised of the following three reportable segments:

Surgical Facility Services Segment: Our surgical facility services segment consists of the operation of ASCs and surgical hospitals, and includes our anesthesia services. Our surgical facilities primarily provide non-emergency surgical procedures across many specialties, including, among others, GI, general surgery, ophthalmology, orthopedics and pain management.

Ancillary Services Segment: Our ancillary services segment consists of a diagnostic laboratory, a specialty pharmacy and multi-specialty physician practices. These physician practices include our owned and operated physician practices pursuant to long-term management service agreements.

Optical Services Segment: Our optical services segment consists of an optical laboratory and an optical products group purchasing organization. Our optical laboratory manufactures eyewear, while our optical products purchasing organization negotiates volume buying discounts with optical product manufacturers.

Our financial information by reporting segment is prepared on an internal management reporting basis that the chief operating decision maker uses to allocate resources and assess the performance of the operating segments. Our operating segments have been defined based on the separate financial information that is regularly produced and reviewed by our CODM, which is our Chief Executive Officer.

During the second quarter of 2016, we reassessed our segment reporting and realigned the disclosures to reflect the review and decision making made by the CODM. The purpose of these changes was to replace operating income with adjusted EBITDA as the primary profit/loss metric reviewed by the CODM in making key business decisions and on allocation of resources. We have revised the segment disclosures below to replace operating income with adjusted EBITDA and has provided a reconciliation from adjusted EBITDA back to net income in the reported condensed consolidated financial information. These changes had no effect on our reportable segments, which are presented consistent with prior periods.

The following tables present financial information for each reportable segment (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Net Revenues:			
Surgical facility services	$ 1,042,097	$ 884,144	$ 339,309
Ancillary services	90,836	61,175	49,787
Optical services	12,505	14,572	14,193
Total revenues	$ 1,145,438	$ 959,891	$ 403,289

	Year Ended December 31,		
	2016	2015	2014
Segment Adjusted EBITDA:			
Surgical facility services	$ 214,218	$ 180,113	$ 83,149
Ancillary services	12,685	18,715	18,354
Optical services	3,308	3,905	3,880
Total segment adjusted EBITDA [1]	$ 230,211	$ 202,733	$ 105,383
General and administrative expenses	$ (60,246)	$ (55,992)	$ (31,452)
Non-cash stock compensation expense	2,021	7,502	942
Contingent acquisition compensation expense	5,092	—	—
Management fee [2]	—	2,250	2,161
Acquisition related costs	2,185	1,560	—
Total adjusted EBITDA [1]	179,263	158,053	77,034
Net income attributable to non-controlling interests	75,630	71,416	38,845
Depreciation and amortization	(39,551)	(34,545)	(15,061)
Interest and other expense, net	(100,571)	(100,980)	(62,101)
Income tax (expense) benefit	(7,095)	148,982	(15,758)
Non-cash stock compensation expense	(2,021)	(7,502)	(942)
Contingent acquisition compensation expense	(5,092)	—	—
Termination of management agreement and IPO costs	—	(5,834)	—
Management fee [2]	—	(2,250)	(2,161)
Merger transaction, integration and practice acquisition costs [3]	(11,617)	(20,579)	(21,690)
Gain on litigation settlement	14,101	—	—
(Loss) gain on disposal or impairment of long-lived assets, net	(2,355)	2,097	(1,804)
Tax receivable agreement expense	(3,733)	(119,911)	—
Loss on debt refinancing	(11,876)	(16,102)	(23,414)
Total net income (loss)	$ 85,083	$ 72,845	$ (27,052)

(1) The above table reconciles adjusted EBITDA by segment to net income as reflected in the unaudited condensed consolidated statements of operations.

When we use the term "Adjusted EBITDA," it is referring to net income minus (a) net income attributable to non-controlling interests plus (b) income tax (benefit) expense, (c) interest and other expense, net, (d) depreciation and amortization, (e) termination of management agreement and IPO costs, (f) management fee, (g) merger transaction, integration and practice acquisition costs, (h) non-cash stock compensation expense, (i) loss on debt refinancing, (j) contingent acquisition compensation expense, (k) tax receivable agreement expense, (l) gain on litigation settlement and (m) (loss) gain on disposal or impairment of long-lived assets. Non-controlling interests represent the interests of third parties, such as physicians, and in some cases, healthcare systems that own an interest in surgical facilities that we consolidate for financial reporting purposes. Our operating strategy is to apply a market-based approach in structuring its partnerships with individual market dynamics driving the structure. We believe that it is helpful to investors to present Adjusted EBITDA as defined above because it excludes the portion of net income attributable to these third-party interests and clarifies for investors our portion of Adjusted EBITDA generated by its surgical facilities and other operations.

We use Adjusted EBITDA as a measure of liquidity. It is included because we believe that it provides investors with additional information about its ability to incur and service debt and make capital expenditures.

Adjusted EBITDA is not a measurement of financial performance or liquidity under GAAP. It should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating, investing or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating financial performance and liquidity. Our calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

(2) Fee payable pursuant the Management and Investment Advisory Services Agreement between the Company and Bayside, which was terminated in connection with the Company's IPO.

(3) This amount includes merger transaction and integration costs of $8.7 million and $17.9 millions for the years ended December 31, 2016 and 2015, respectively, and practice acquisition costs of $2.9 million and $2.7 million for the years ended December 31, 2016 and 2015, respectively.

	December 31, 2016	December 31, 2015
Assets:		
Surgical facility services	$ 1,914,842	$ 1,762,396
Ancillary services	184,002	118,198
Optical services	22,478	25,537
Total	$ 2,121,322	$ 1,906,131
General and administrative	$ 183,636	$ 198,312
Total assets	$ 2,304,958	$ 2,104,443

	Year Ended December 31,		
	2016	2015	2014
Supplemental Information:			
Cash purchases of property and equipment, net:			
Surgical facility services	$ 29,157	$ 26,723	5,158
Ancillary services	5,388	1,051	1,034
Optical services	351	128	335
Total	$ 34,896	$ 27,902	$ 6,527
General and administrative	$ 4,213	$ 5,537	$ 1,209
Total cash purchases of property and equipment, net	$ 39,109	$ 33,439	$ 7,736

Critical Accounting Policies

Our significant accounting policies and practices are described in Note 2 of our consolidated financial statements included elsewhere in this report. In preparing our consolidated financial statements in conformity with Generally Accepted Accounting Principles ("GAAP"), our management must make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Certain accounting estimates are particularly sensitive because of their complexity and the possibility that future events affecting them may differ materially from our current judgments and estimates. Our actual results could differ from those estimates. We believe that the following critical accounting policies are important to the portrayal of our financial condition and results of operations and require our management's subjective or complex judgment because of the sensitivity of the methods, assumptions and estimates used. This listing of critical accounting policies is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP, with no need for management's judgment regarding accounting policy.

Consolidation and Control

Our consolidated financial statements include the accounts of our Company, wholly-owned or controlled subsidiaries and variable interest entities in which we are the primary beneficiary. Our controlled subsidiaries consist of wholly-owned subsidiaries and other subsidiaries that we control through our ownership of a majority voting interest or other rights granted to us by contract to function as the sole general partner or managing member of the surgical facility. The rights of limited partners or minority members of our controlled subsidiaries are generally limited to those that protect their ownership interests, including the right to approve the issuance of new ownership interests, and those that protect their financial interests, including the right to approve the acquisition or divestiture of significant assets or the incurrence of debt that either physician limited partners or minority members are required to guarantee on a pro-rata basis based upon their respective ownership, or that exceeds 20.0% of the fair market value of the related surgical facility's assets. All significant intercompany balances and transactions, including management fees from consolidated surgical facilities, are eliminated in consolidation.

We hold non-controlling interests in five surgical facilities, three anesthesia practices and two physician practices over which we exercise significant influence. Significant influence includes financial interests, duties, rights and responsibilities for the day-to-day management of the entity. We also consider the relevant sections of the Accounting Standard Codification ("ASC") 810, *Consolidation*, to determine if we have the power to direct the activities and are the primary beneficiary of (and therefore should consolidate) any entity whose operations we do not control with voting rights. As we were the primary beneficiary, we consolidated ten entities at December 31, 2016.

Revenue Recognition

Our patient service revenues are derived from surgical procedures performed at our ASCs, patient visits to physician practices, anesthesia services provided to patients, pharmacy services and diagnostic screens ordered by our physicians. The fees for such services are

billed either to the patient or a third-party payor, including Medicare and Medicaid. We recognize patient service revenues, net of contractual allowances, which we estimate based on the historical trend of our cash collections and contractual write-offs.

Our optical products purchasing organization negotiates volume buying discounts with optical product manufacturers. The buying discounts and any handling charges billed to the members of the purchasing organization represent the revenues recognized for financial reporting purposes. Revenue is recognized as orders are shipped to members. Product sale revenues from our optical laboratories and marketing products and services businesses, net of an allowance for returns and discounts, is recognized when the product is shipped or service is provided to the customer. We base our estimates for sales returns and discounts on historical experience and have not experienced significant fluctuations between estimated and actual return activity and discounts given.

Other service revenues consist of management and administrative service fees derived from non-consolidated surgical facilities that we account for under the equity method, management of surgical facilities in which we do not own an interest and management services we provide to physician networks for which we are not required to provide capital or additional assets. The fees we derive from these management arrangements are based on a predetermined percentage of the revenues of each surgical facility and physician network. We recognize other service revenues in the period in which services are rendered.

Allowance for Contractual Adjustments and Doubtful Accounts

Our patient service revenues and other receivables from third-party payors are recorded net of estimated contractual adjustments and allowances from third-party payors, which we estimate based on the historical trend of our surgical facilities' cash collections and contractual write-offs, accounts receivable aging, established fee schedules, relationships with payors and procedure statistics. While changes in estimated reimbursement from third-party payors remain a possibility, we expect that any such changes would be minimal and, therefore, would not have a material effect on our financial condition or results of operations.

We estimate our allowances for bad debts using similar information and analysis. While we believe that our allowances for contractual adjustments and bad debts are adequate, if the actual write-offs are significantly different from our estimates, it could have a material adverse effect on our financial condition and results of operations. Because in most cases we have the ability to verify a patient's insurance coverage before services are rendered, and because we have entered into contracts with third-party payors which account for a majority of our total revenues, the out-of-period contractual adjustments have been minimal. Our net accounts receivable reflected allowances for doubtful accounts of $29.9 million and $18.3 million at December 31, 2016 and December 31, 2015, respectively.

Our collection policies and procedures are based on the type of payor, size of claim and estimated collection percentage for each patient account. The operating systems used to manage our patient accounts provide for an aging schedule in 30-day increments, by payor, physician and patient. We analyze accounts receivable at each of our surgical facilities to ensure the proper collection and aged category. The operating systems generate reports that assist in the collection efforts by prioritizing patient accounts. Collection efforts include direct contact with insurance carriers or patients, written correspondence and the use of legal or collection agency assistance, as required. Our days sales outstanding were 70 days for the year ended December 31, 2016 and 60 days for the year ended December 31, 2015.

At a consolidated level, we review the standard aging schedule, by facility, to determine the appropriate provision for doubtful accounts by monitoring changes in our consolidated accounts receivable by aged schedule, days sales outstanding and bad debt expense as a percentage of revenues. At a consolidated level, we do not review a consolidated aging by payor. Regional and local employees review each surgical facility's aged accounts receivable by payor schedule. These employees have a closer relationship with the payors and have a more thorough understanding of the collection process for that particular surgical facility. Furthermore, this review is supported by an analysis of the actual revenues, contractual adjustments and cash collections received. If our internal collection efforts are unsuccessful, we further review patient accounts with balances of $25 or more. We then classify the accounts based on any external collection efforts we deem appropriate. An account is written-off only after we have pursued collection with legal or collection agency assistance or otherwise deemed an account to be uncollectible. Typically, accounts will be outstanding a minimum of 120 days before being written-off.

We recognize that final reimbursement of outstanding accounts receivable is subject to final approval by each third-party payor. However, because we have contracts with our third-party payors and we verify the insurance coverage of the patient before services are rendered, the amounts that are pending approval from third-party payors are minimal. Amounts are classified outside of self-pay if we have an agreement with the third-party payor or we have verified a patient's coverage prior to services rendered. It is our policy to collect co-payments and deductibles prior to providing services. It is also our policy to verify a patient's insurance 72 hours prior to the patient's procedure. Because our services are primarily non-emergency, our surgical facilities have the ability to control these procedures. Our patient service revenues from self-pay payors as a percentage of total revenues were approximately 2%, 2% and 4% for the years ended December 31, 2016, 2015 and 2014, respectively.

Income Taxes and Tax Receivable Agreement

We use the asset and liability method to account for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. If a net operating loss carryforward exists, we make a determination as to whether that net operating loss carryforward will be utilized in the future. A valuation allowance will be established for certain net operating loss carryforwards and other deferred tax assets where their recoverability is deemed to be uncertain. The carrying value of the net deferred tax assets is based upon estimates and assumptions related to our ability to generate

sufficient future taxable income in certain tax jurisdictions. If these estimates and related assumptions change in the future, we will be required to adjust our deferred tax valuation allowances.

As of December 31, 2016, we had unused federal net operating loss carryforwards ("NOLs") of approximately $390.6 million. Such losses expire in various amounts at varying times beginning in 2025. Unless they expire, these NOLs may be used to offset future taxable income and thereby reduce our income taxes otherwise payable.

We recorded a valuation allowance against our deferred tax assets at December 31, 2016 and 2015 totaling $7.4 million and $6.9 million, respectively, which represents an increase of $500,000. The valuation allowance continues to be provided for certain deferred tax assets for which we believe it is more likely than not that the tax benefits will not be realized, which are primarily certain state net operating losses and capital loss carryforwards.

As a result of the reversal of the valuation allowance, we will need to continue to monitor results. If our expectations for future operating results on a consolidated basis or at the state jurisdiction level vary from actual results due to changes in healthcare regulations, general economic conditions, or other factors, we may need to adjust the valuation allowance, for all or a portion of our deferred tax assets. Our income tax expense in future periods will be reduced or increased to the extent of offsetting decreases or increases, respectively, in our valuation allowance in the period when the change in circumstances occurs. These changes could have a significant impact on our future earnings.

Section 382 ("Section 382") of the Internal Revenue Code of 1986, as amended (the "Code") imposes an annual limit on the ability of a corporation that undergoes an "ownership change" to use its NOLs to reduce its tax liability. An "ownership change" is generally defined as any change in ownership of more than 50.0% of a corporation's "stock" by its "5-percent shareholders" (as defined in Section 382) over a rolling three-year period based upon each of those shareholder's lowest percentage of stock owned during such period. As a result of the Symbion acquisition, approximately $179 million in NOL carryforwards are subject to an annual Section 382 base limitation of $4.9 million, and, as a result of the Novamed acquisition, approximately $17 million in NOL carryforwards are subject to an annual Section 382 base limitation of $4.9 million. It is possible that future transactions, not all of which would be within our control (including a possible sale by the investment funds affiliated with H.I.G. of some or all of their shares of our common stock), could cause us to undergo an ownership change as defined in Section 382. In that event, we would not be able to use our pre-ownership-change NOLs in excess of the limitation imposed by Section 382. At this time, we do not believe these limitations, when combined with amounts allowable due to net unrecognized built in gains, will affect our ability to use any NOLs before they expire. However, no such assurances can be provided. If our ability to utilize our NOLs to offset taxable income generated in the future is subject to this limitation, it could have an adverse effect on our business, prospects, results of operations and financial condition. We expect the payments we will be required to make under the TRA will be substantial.

As part of the Reorganization that was effective September 30, 2015, we entered into a Tax Receivable Agreement ("TRA") under which generally we will be required to pay to our stockholders as of immediately prior to the IPO 85% of the cash savings, if any, in U.S. federal, state or local tax that we actually realize (or are deemed to realize in certain circumstances) as a result of (i) certain tax attributes, including NOLs, capital losses, charitable deductions, alternative minimum tax credit carryforwards and federal and state tax credits of Surgery Partners, Inc. and its affiliates relating to taxable years ending on or before the date of the Reorganization (calculated by assuming the taxable year of the relevant entity closes on the date of the Reorganization) that are or become available to us and our wholly-owned subsidiaries as a result of the Reorganization, and (ii) tax benefits attributable to payments made under the TRA, together with interest accrued at a rate of LIBOR plus 300 basis points from the date the applicable tax return is due (without extension) until paid. We expect the payments we will be required to make under the TRA will be substantial.

The amounts payable under the TRA will vary depending upon a number of factors, including the amount, character and timing of the taxable income of Surgery Partners, Inc. in the future. We estimate the total amounts payable to be approximately $123.3 million, if the tax benefits of related deferred tax assets are ultimately realized. Of the total amount payable, we expect to pay approximately $1.0 million of the liability during the year ending December 31, 2017.

Long-Lived Assets, Goodwill and Intangible Assets

We test our goodwill and indefinite-lived intangible assets for impairment annually, as of October 1, or more frequently if certain indicators arise. We review goodwill at the reporting unit level, which is defined as one level below an operating segment. We have determined that we has five reporting units, which include the following: 1) Surgical Facilities 2) Ancillary Services, 3) Midwest Labs, 4) The Alliance, including Optical Synergies and 5) Family Vision Care. When reviewing goodwill, we compare the carrying value of the net assets of the reporting unit to the net present value of the estimated discounted future cash flows of the reporting unit. If the carrying value exceeds the net present value of the estimated discounted future cash flows, an impairment indicator exists and an estimate of the impairment loss is calculated. The fair value calculation includes multiple assumptions and estimates, including the projected cash flows and discount rates applied.

We performed our annual goodwill impairment assessment by developing a fair value estimate of the business enterprise as of October 1, 2016 using a discounted cash flows approach. The results of our fair value estimate were corroborated using a market-based approach. The result of our annual goodwill impairment test at October 1, 2016 indicated no impairment.

Off-Balance Sheet Arrangements

From time to time, we guarantee our pro-rata share of the third-party debts and other obligations of many of the non-consolidated partnerships and limited liability companies in which we own an interest. In most instances of these guarantees, the physicians and/or

physician groups have also guaranteed their pro-rata share of the indebtedness to secure the financing. At December 31, 2016, we did not guarantee any debt of our non-consolidated surgical facilities.

Equity-Based Compensation

We recognize in the financial statements the cost of employee services received in exchange for awards of equity instruments based on the fair value of those awards. Prior to the Reorganization, on the grant date, we employed a market approach to estimate the fair value of equity-based awards based on various considerations and assumptions, including implied earnings multiples and other metrics of relevant market participants, our operating results and forecasted cash flows and our capital structure. Such estimates require the input of highly subjective, complex assumptions. However, such assumptions are not required to determine fair value of shares of our common stock as our underlying shares are now publicly traded. The fair value of future stock options awarded will be based on the quoted market price of our common stock upon grant, as well as assumptions including expected stock price volatility, risk-free interest rate, expected dividends, and expected term.

Our policy is to recognize compensation expense using the straight line method over the relevant vesting period for units that vest based on time. Our equity-based compensation expense can vary in the future depending on many factors, including levels of forfeitures and whether performance targets are met and whether a liquidity event occurs. Prior to the Reorganization, employees held membership units in Surgery Center Holdings, LLC, and the associated expense was referred to as unit-based compensation. In connection with the Reorganization, our board of directors and stockholders adopted the Surgery Partners, Inc. 2015 Omnibus Incentive Plan from which our future equity-based awards will be granted. Following, the Reorganization, such expense is referred to as equity-based compensation.

Results of Operations

The following tables summarize certain results from the statements of operations for the years ended December 31, 2016, 2015 and 2014. The tables also show the percentage relationship to revenues for the periods indicated (dollars in thousands):

	Year Ended December 31,					
	2016		2015		2014	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Revenues	$ 1,145,438	100.0 %	$ 959,891	100.0 %	$ 403,289	100.0 %
Operating expenses:						
Cost of revenues	821,196	71.7 %	669,326	69.7 %	254,178	63.0 %
General and administrative expenses (includes contingent acquisition compensation expense of $5,092 for the year ended December 31, 2016)	60,246	5.3 %	55,992	5.8 %	31,452	7.8 %
Depreciation and amortization	39,551	3.5 %	34,545	3.6 %	15,061	3.7 %
Provision for doubtful accounts	24,212	2.1 %	23,578	2.5 %	9,509	2.4 %
Income from equity investments	(4,764)	(0.4)%	(3,777)	(0.4)%	(1,264)	(0.3)%
Loss (gain) on disposal or impairment of long-lived assets, net	2,355	0.2 %	(2,097)	(0.2)%	1,804	0.4 %
Loss on debt refinancing	11,876	1.0 %	16,102	1.7 %	23,414	5.8 %
Merger transaction and integration costs	8,738	0.8 %	17,920	1.9 %	21,690	5.4 %
Gain on litigation settlement	(14,101)	(1.2)%	—	— %	—	— %
Termination of management agreement and IPO costs	—	— %	5,834	0.6 %	—	— %
Electronic health records incentive income	(408)	— %	(1,761)	(0.2)%	(3,356)	(0.8)%
Other expenses (income)	55	— %	(525)	(0.1)%	(6)	— %
Total operating expenses	948,956	82.8 %	815,137	84.9 %	352,482	87.4 %
Operating income	196,482	17.2 %	144,754	15.1 %	50,807	12.6 %
Tax receivable agreement expense	(3,733)	(0.3)%	(119,911)	(12.5)%	—	— %
Interest expense, net	(100,571)	(8.8)%	(100,980)	(10.5)%	(62,101)	(15.4)%
Income (loss) before income taxes	92,178	8.0 %	(76,137)	(7.9)%	(11,294)	(2.8)%
Income tax expense (benefit)	7,095	0.6 %	(148,982)	(15.5)%	15,758	3.9 %
Net income (loss)	85,083	7.4 %	72,845	7.6 %	(27,052)	(6.7)%
Less: Net income attributable to non-controlling interests	(75,630)	(6.6)%	(71,416)	(7.4)%	(38,845)	(9.6)%
Net income (loss) attributable to Surgery Partners, Inc.	$ 9,453	0.8 %	$ 1,429	0.1 %	$ (65,897)	(16.3)%

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Overview. During the year ended December 31, 2016, our revenues increased 19.3% to $1.1 billion from $959.9 million for the year ended December 31, 2015. We incurred net income attributable to Surgery Partners, Inc. for the 2016 period of $9.5 million, compared to $1.4 million for the 2015 period.

Revenues. Revenues for the year ended December 31, 2016 compared to the year ended December 31, 2015 were as follows (dollars in thousands):

	Year Ended December 31,			
	2016	2015	Dollar Variance	Percent Variance
Patient service revenues	$ 1,124,604	$ 940,711	$ 183,893	19.5 %
Optical service revenues	12,505	14,572	(2,067)	(14.2)%
Other service revenues	8,329	4,608	3,721	80.8 %
Total revenues	$ 1,145,438	$ 959,891	$ 185,547	19.3 %

Patient service revenues increased 19.5% to $1.1 billion for the year ended December 31, 2016 compared to $940.7 million for the year ended December 31, 2015. This increase in patient service revenues was primarily attributable to the integration of our 2016 and 2015 acquisitions.

Cost of Revenues. Cost of revenues increased to $821.2 million for the year ended December 31, 2016 compared to $669.3 million for the year ended December 31, 2015 primarily attributable to our 2016 and 2015 acquisitions. As a percentage of revenues, cost of revenues were 71.7% for the 2016 period and 69.7% for the 2015 period.

General and Administrative Expenses. General and administrative expenses increased to $60.2 million for the year ended December 31, 2016 compared to $56.0 million for the year ended December 31, 2015. The 2016 period includes contingent acquisition compensation expense of $5.1 million. As a percentage of revenues, general and administrative expenses were 5.3% for the 2016 period compared to 5.8% for the 2015 period. General and administrative expenses as a percentage of revenues adjusted for contingent acquisition compensation expense and stock compensation expense would be 4.6% for the 2016 period and 5.1% for the 2015 period.

Depreciation and Amortization. Depreciation and amortization increased to $39.6 million for the year ended December 31, 2016 compared to $34.5 million for the year ended December 31, 2015. As a percentage of revenues, depreciation and amortization expenses were 3.5% for the 2016 period and 3.6% for the 2015 period.

Provision for Doubtful Accounts. The provision for doubtful accounts increased to $24.2 million for the year ended December 31, 2016 compared to $23.6 million for the year ended December 31, 2015. As a percentage of revenues, the provision for doubtful accounts was 2.1% for the 2016 period and 2.5% for the 2015 period.

Income from Equity Investments. Income from equity investments was $4.8 million for the year ended December 31, 2016 compared to $3.8 million for the year ended December 31, 2015.

Loss (Gain) on Disposal or Impairment of Long-Lived Assets, Net. The net loss on disposal of long-lived assets was $2.4 million for the year ended December 31, 2016 compared to a net gain of $2.1 million for the year ended December 31, 2015. This difference is primarily attributable to a gain on the sale of interests in a surgical facility in 2015 compared to a loss related to the disposition of equipment and leasehold improvements for 2016.

Loss on Debt Refinancing. We incurred $11.9 million as a loss on debt refinancing for the year ended December 31, 2016 compared to $16.1 million for the year ended December 31, 2015, related to the amendment of the 2014 First Lien, the paydown of the 2014 Second Lien, defined herein, and the write-off of the related debt issuance costs and discount in addition to a prepayment penalty in 2016 and the paydown of the Second Lien during 2015.

Merger Transaction and Integration Costs. We incurred $8.7 million of merger transaction and integration costs for the year ended December 31, 2016 compared to $17.9 million for the year ended December 31, 2015, related to the Merger and other acquisitions.

Gain on Litigation Settlement. We recorded a gain of $14.1 million related to a legal settlement for the year ended December 31, 2016, the year in which the settlement was reached.

Electronic Health Records Incentives Income. Income from electronic health records incentives was $408,000 for the year ended December 31, 2016 compared to $1.8 million for the year ended December 31, 2015.

Operating Income. Our operating income margin for the year ended December 31, 2016 increased to 17.2% from 15.1% during the year ended December 31, 2015. During the year ended December 31, 2016, we recorded $8.7 million of merger transaction and integration costs related to the Merger and other acquisitions, a loss on debt extinguishment of $11.9 million, a gain on litigation settlement of $14.1 million, contingent acquisition compensation expense of $5.1 million and a loss on disposal of long-lived assets of $2.4 million. Excluding the impact of these items, our operating income margin was 18.4% for the year ended December 31, 2016.

During the year ended December 31, 2015, we recorded $17.9 million of merger transaction and integration costs related to the Merger, a loss on debt extinguishment of $16.1 million, IPO equity-based compensation expense of $6.2 million, termination of management agreement and IPO costs of $5.8 million and a gain on disposal of long-lived assets of $2.1 million. Excluding the impact of these items, our operating income margin was 19.7% for the year ended December 31, 2015. The decrease in the operating income margin period over period is primarily related to the effects of the laboratory rate reductions from CMS, which accounted for approximately 0.9% of the decrease.

Tax Receivable Agreement Expense. We incurred tax receivable agreement expense of $3.7 million for the year ended December 31, 2016 compared to $119.9 million for the year ended December 31, 2015. The 2016 expense was recorded to update the initial estimated liability for the filed tax returns and final 2015 tax losses that are included in the amounts payable under the TRA.

Interest Expense, Net. Interest expense, net, decreased to $100.6 million for the year ended December 31, 2016 compared to $101.0 million for the year ended December 31, 2015.

Income Tax Expense (Benefit). The income tax expense was $7.1 million for the year ended December 31, 2016 compared to a benefit of $149.0 million for the year ended December 31, 2015. The effective tax rate was 7.7% for the year ended December 31, 2016 compared to 195.7% for the year ended December 31, 2015. The change in effective tax rate was primarily attributable to the tax-effect of the release of the valuation allowance during the year ended December 31, 2015. After considering the income attributable to noncontrolling interests, our tax rate was approximately 42.9% for the year ended December 31, 2016 compared to 101.0% for the year ended December 31, 2015.

Appendix 3

Net Income Attributable to Non-Controlling Interests. Net income attributable to non-controlling interests increased to $75.6 million for the year ended December 31, 2016 compared to $71.4 million for the year ended December 31, 2015. As a percentage of revenues, net income attributable to non-controlling interests was 6.6% in the 2016 period and 7.4% for the 2015 period.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Overview. During the year ended December 31, 2015, our revenues increased 138.0% to $959.9 million from $403.3 million for the year ended December 31, 2014. We incurred a net income attributable to Surgery Partners, Inc. for the year ended December 31, 2015 of $1.4 million, compared to a net loss attributable to Surgery Partners, Inc. of $65.9 million for the year ended December 31, 2014.

Our financial results for the year ended December 31, 2015 compared to the year ended December 31, 2014 reflect the addition of 55 surgical facilities, including 49 ASCs and six hospitals, that were acquired in connection with our acquisition of Symbion on November 3, 2014.

Revenues. Revenues for the year ended December 31, 2015 compared to the year ended December 31, 2014 were as follows (dollars in thousands):

	Year Ended December 31,			
	2015	2014	Dollar Variance	Percent Variance
Patient service revenues	$ 940,711	$ 388,073	$ 552,638	142.4%
Optical service revenues	14,572	14,193	379	2.7%
Other service revenues	4,608	1,023	3,585	350.4%
Total revenues	$ 959,891	$ 403,289	$ 556,602	138.0%

Patient service revenues increased 142.4% to $940.7 million for the year ended December 31, 2015 compared to $388.1 million for the year ended December 31, 2014. This increase was primarily attributable to the surgical facilities we acquired in connection with the Symbion transaction on November 3, 2014.

Cost of Revenues. Cost of revenues increased to $669.3 million for the year ended December 31, 2015 compared to $254.2 million for the year ended December 31, 2014 primarily attributable to the surgical facilities we acquired in connection with the Symbion transaction on November 3, 2014. As a percentage of revenues, cost of revenues were 69.7% for the 2015 period and 63.0% for the 2014 period.

General and Administrative Expenses. General and administrative expenses were $56.0 million for the year ended December 31, 2015 compared to $31.5 million for the year ended December 31, 2014 primarily due to the acquisition of Symbion on November 3, 2014 and the acceleration of stock compensation in connection with the IPO of $6.2 million. As a percentage of revenues, general and administrative expenses were 5.8% for the 2015 period compared to 7.8% for the 2014 period.

Depreciation and Amortization. Depreciation and amortization expenses increased to $34.5 million for the year ended December 31, 2015 compared to $15.1 million for the year ended December 31, 2014 primarily due to the acquisition of Symbion on November 3, 2014. As a percentage of revenues, depreciation and amortization expenses were 3.6% for the 2015 period and 3.7% for the 2014 period.

Provision for Doubtful Accounts. The provision for doubtful accounts increased to $23.6 million for the year ended December 31, 2015 compared to $9.5 million for the year ended December 31, 2014 primarily due to the acquisition of Symbion on November 3, 2014. As a percentage of revenues, the provision for doubtful accounts was 2.5% for the 2015 period and 2.4% for the 2014 period.

Income from Equity Investments. Income from equity investments was $3.8 million in the year ended December 31, 2015 compared to $1.3 million in the year ended December 31, 2014 primarily due to the acquisition of Symbion on November 3, 2014 as we had no equity method investments prior to the acquisition.

(Gain) Loss on Disposal or Impairment of Long-Lived Assets, Net. The net gain on disposal or impairment of long-lived assets was $2.1 million for the year ended December 31, 2015 compared to a $1.8 million net loss for the year ended December 31, 2014.

Loss on Debt Refinancing. We incurred $16.1 million as a loss on debt refinancing for the year ended December 31, 2015 compared to $23.4 million for the year ended December 31, 2014, related to the paydown of the Second Lien during 2015 and the refinancing in connection with the Merger during 2014.

Merger Transaction and Integration Costs. We incurred $17.9 million of merger transaction and integration costs for the year ended December 31, 2015 compared to $21.7 million for the year ended December 31, 2014 all related to the Merger.

Termination of Management Agreement and IPO Costs. We incurred $5.8 million of costs related to the termination of our management agreement with Bayside Capital, Inc. and other related IPO costs for the year ended December 31, 2015.

Electronic Health Records Incentives Income. Income from electronic health records incentives was $1.8 million for the year ended December 31, 2015 compared to $3.4 million for the year ended December 31, 2014.

Appendix 3

Operating Income. Our operating income was $144.8 million for the year ended December 31, 2015 compared to $50.8 million for the year ended December 31, 2014. The increase in the 2015 period from the 2014 period is primarily attributable to the surgical facilities acquired in connection with the Symbion transaction on November 3, 2014. As a percentage of revenues, operating income was 15.1% for the 2015 period and 12.6% for the 2014 period. During the year ended December 31, 2015, we recorded $17.9 million of merger transaction and integration costs related to the Symbion acquisition, a loss on debt extinguishment of $16.1 million, IPO equity-based compensation expense of $6.2 million, termination of management agreement and IPO costs of $5.8 million and recorded a gain of $2.1 million related to the sale of our ownership interest in a surgical facility. Excluding the impact of these items, our operating income margin was 19.7% for the year ended December 31, 2015. Effecting the 2014 period for the Symbion acquisition, our operating income margin for the year ended December 31, 2014 was 21.5%.

Tax Receivable Agreement Expense. We incurred tax receivable agreement expense of $119.9 million for the year ended December 31, 2015 compared to $3.7 million for the year ended December 31, 2014 due to the execution of the TRA on September 30, 2015 and the release of the valuation allowance previously recorded against our deferred tax assets.

Interest Expense, Net. Interest expense, net, increased to $111.0 million for the year ended December 31, 2015 compared to $62.1 million for the year ended December 31, 2014. The increase was primarily attributable to the new capital structure used to finance the acquisition of Symbion on November 3, 2014.

Income Tax (Benefit) Expense. Income tax benefit was $149.0 million for the year ended December 31, 2015 compared to income tax expense of $15.8 million for the year ended December 31, 2014. The effective tax rate was 195.7% for the year ended December 31, 2015 compared to (139.5)% for the year ended December 31, 2014. The change in effective tax rate was primarily attributable to the tax-effect of the release of the valuation allowance during the year ended December 31, 2015.

Net Income Attributable to Non-Controlling Interests. Net income attributable to non-controlling interests increased to $71.4 million for the year ended December 31, 2015 compared to $38.8 million for the year ended December 31, 2014. This increase was primarily attributable to the surgical facilities we acquired in connection with the Symbion transaction on November 3, 2014. As a percentage of revenues, net income attributable to non-controlling interests was 7.4% for the 2015 period and 9.6% for the 2014 period.

Liquidity and Capital Resources

Operating Activities

The primary source of our operating cash flow is the collection of accounts receivable from federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies and individuals. During the year ended December 31, 2016, our cash flow provided by operating activities increased to $125.2 million compared to $84.5 million in the year ended December 31, 2015. This increase was primarily related to the growth from acquisition activity occurring subsequent to the 2015 period. At December 31, 2016, we had working capital of $175.2 million compared to $129.7 million at December 31, 2015.

Investing Activities

Net cash used in investing activities during the year ended December 31, 2016 was $184.7 million, which included $39.1 million related to purchases of property and equipment, including $4.9 million related to the relocation of our hospital in Great Falls, Montana. Additionally, we paid $146.4 million in cash for acquisitions (net of cash acquired), of which $129.8 million, excluding the $16.6 million of contingent acquisition consideration, related to the purchase of six surgical facilities, one of which was merged with an existing facility, three anesthesia practices, eleven physician practices, a lab and a pharmacy. The remaining amount included an additional payment of $16.6 million to fund the final escrow payment related to the Merger. Further, we received $765,000 in proceeds for the sale of our interests in a surgical facility.

Net cash used in investing activities during the year ended December 31, 2015 was $134.8 million, which included $33.4 million related to purchases of property and equipment. Additionally, we purchased five surgical facilities, thirteen physician practices, four anesthesia practices and an urgent care facility for an aggregate purchase price of $112.6 million (net of cash acquired). We received $11.2 million in aggregate proceeds for the sale of our interests in three surgical facilities.

Financing Activities

Net cash provided by financing activities during the year ended December 31, 2016 was $71.3 million. During this period, we made distributions to non-controlling interest holders of $65.8 million and payments related to ownership transactions with consolidated affiliates of $20.1 million. Further, we made repayments on our long-term debt of $473.4 million offset by borrowings of $650.7 million. Our repayments and borrowings include $156.5 million in draws and $196.8 million in repayments on our Revolver during the period. In addition, we made payments of debt issuance costs of $14.3 million and a penalty on the prepayment of debt of $4.9 million during the period.

Net cash provided by financing activities during the year ended December 31, 2015 was $33.4 million. During this period, we received proceeds from our initial public offering, net of offering costs, of $251.0 million, made distributions to non-controlling interest holders of $69.7 million and payments related to ownership transactions with consolidated affiliates of $12.2 million. We made repayments on our long-term debt of $328.3 million. These were offset by cash inflows from debt borrowings of $196.4 million.

Appendix 3

Long-Term Debt

A summary of long-term debt follows (in thousands):

	December 31, 2016	December 31, 2015	December 31, 2014
2014 Revolver Loan	$ 85,000	$ 125,250	$ —
2014 First Lien Term Loans	932,000	861,300	870,000
2014 Second Lien Credit Agreement	—	246,500	490,000
Senior Unsecured Notes	400,000	—	—
Subordinated Notes	1,000	1,000	1,000
Notes payable and secured loans	42,521	40,615	31,600
Capital lease obligations	13,996	11,316	10,755
Less: Unamortized debt issuance costs and discounts	(32,274)	(30,622)	(45,024)
Total debt	1,442,243	1,255,359	1,358,331
Less: Current maturities	27,822	27,247	22,088
Total long-term debt	$ 1,414,421	$ 1,228,112	$ 1,336,243

2014 Revolver Loan

The proceeds of the 2014 Revolver Loan ("Revolver") may be used for working capital, acquisitions and development activities and general corporate purposes in an aggregate principal amount at any time outstanding not to exceed $150.0 million. Commitments under the Revolver terminate and the loans made thereunder mature on November 3, 2019. On October 7, 2015, we entered into an amendment to the 2014 First Lien Credit Agreement to increase certain lenders' commitments under the Revolver from $80.0 million to an aggregate principal amount outstanding at any time not to exceed $150.0 million. We have the option of classifying borrowings under the Revolver as either Alternate Base Rate ("ABR") loans or Eurodollar ("ED") loans. The interest base rate on an ABR loan is equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% and (c) the adjusted LIBO Rate for a Eurodollar Borrowing with a one-month interest period plus 1.00%. In addition to the base rate, we are required to pay a 3.25% margin for ABR loans. The interest base rate on an ED loan is equal to (x) the LIBO Rate for such Eurodollar borrowing in effect for such Interest Period divided by (y) One minus the Statutory Reserves (if any) for such Eurodollar Borrowing for such interest period. In addition to the base rate, we are required to pay a 4.25% margin for ED loans.

We paid $2.3 million in connection with obtaining the Revolver and recorded this amount as debt issuance costs, which is presented, net of accumulated amortization of approximately $985,000 and $530,000, in the accompanying consolidated balance sheets as of December 31, 2016 and December 31, 2015, respectively.

We must also pay quarterly commitment fees of 0.50% per annum of the average daily unused amount of the Revolver. As of December 31, 2016, our availability on the Revolver was $61.9 million (including outstanding letters of credit of $3.1 million).

The credit agreement that governs the Revolver contains various covenants that include limitations on our indebtedness, liens, acquisitions and investments. It additionally includes the requirement that, if triggered, we maintain a net leverage ratio within a specified range. At December 31, 2016, we were in compliance with the covenants contained in the credit agreement.

2014 First Lien Credit Agreement

The 2014 First Lien Term Loans ("2014 First Lien") is a senior secured obligation of Surgery Center Holdings, Inc. and is guaranteed on a senior secured basis by us and certain of our subsidiaries. The 2014 First Lien matures on November 3, 2020. On March 24, 2016, Surgery Center Holdings, Inc. and certain of our subsidiaries entered into an amendment to the 2014 First Lien to obtain an incremental senior secured term loan in an aggregate principal amount of $80.0 million, which increased the total term loan obligation under the 2014 First Lien to $950.0 million. We used the proceeds of the incremental term loan to fund certain proposed acquisitions and for other corporate purposes. On September 26, 2016, we entered into an amendment to the 2014 First Lien to reduce the interest margins for an ABR loan to 2.75% and for an ED loan to 3.75%.

We have the option of classifying the 2014 First Lien as either an ABR loan or an ED loan. The interest base rate on an ABR loan is equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, and (c) the Adjusted LIBO Rate for a Eurodollar Borrowing with a one-month interest period plus 1.00%; provided that the base rate shall not be less than 2.00% per annum. In addition to the base rate, we are required to pay a 2.75% margin for ABR loans. The interest base rate on an ED loan is equal to (x) the LIBO Rate for such Eurodollar borrowing in effect for such Interest Period divided by (y) One minus the Statutory Reserves (if any) for such Eurodollar Borrowing for such interest period; provided that the rate shall not be less than 1.00% per annum. In addition to the base rate, we are required to pay a 3.75% margin for ED loans. Accrued interest is payable in arrears on a quarterly basis. Within five business days after the earlier of (i) 90 days after the end of each fiscal year or (ii) the date on which financial statements have been delivered, we are required to make mandatory prepayments in amounts calculated in accordance with the excess cash flow provisions of the 2014 First Lien Credit Agreement. There were no excess cash flow payments required as of December 31, 2016.

The credit agreement that governs the 2014 First Lien contains various covenants that include limitations on our indebtedness, liens, acquisitions and investments. At December 31, 2016, we were in compliance with the covenants contained in the credit agreement. The 2014 First Lien is collateralized by substantially all of our assets.

Scheduled amortization of the discount recorded in connection with the 2014 First Lien Credit Agreement follows (in thousands):

January 1, 2017 through December 31, 2017	4,844
January 1, 2018 through December 31, 2018	5,053
January 1, 2019 through December 31, 2019	5,274
January 1, 2020 through November 3, 2020	5,045
Total discount on First Lien Credit Agreement	$ 20,216

2014 Second Lien Credit Agreement

The 2014 Second Lien Credit Agreement ("2014 Second Lien"), entered into on November 3, 2014, was prepaid in full on March 31, 2016 as described below. The 2014 Second Lien was a senior secured obligation of Surgery Center Holdings, Inc. and was guaranteed on a senior secured basis by the Company and certain of its subsidiaries.

On October 6, 2015, we prepaid $243.5 million in principal, net of the write-off of discounts and issuance costs totaling $8.3 million, and $65,000 of accrued interest on the 2014 Second Lien. Further, we incurred a prepayment penalty of 3% of the aggregate principal amount or $7.3 million. The write-off of the discounts and issuance costs, the prepayment penalty as well as certain other costs are presented as a loss on debt extinguishment of $16.1 million in the accompanying consolidated statement of operations as of December 31, 2015. On March 31, 2016, we repaid the remaining principal of the 2014 Second Lien of $252.8 million with the proceeds of the issuance of the Senior Unsecured Notes, of which $1.3 million was accrued interest. In connection with the prepayment, we incurred a loss on debt refinancing of $8.3 million which included the write-off of loan costs and the original issue discount and a prepayment penalty.

Senior Unsecured Notes

Effective March 31, 2016, one of our subsidiaries, Surgery Center Holdings, Inc., issued $400.0 million in gross proceeds of senior unsecured notes due April 15, 2021 (the "Senior Unsecured Notes"). The Senior Unsecured Notes bear interest at the rate of 8.875% per year, payable semi-annually on April 15 and October 15 of each year. The Senior Unsecured Notes are a senior unsecured obligation of Surgery Center Holdings, Inc. and are guaranteed on a senior unsecured basis by each of Surgery Center Holdings, Inc.'s existing and future domestic wholly owned restricted subsidiaries that guarantees the Revolver and the 2014 First Lien.

We may redeem up to 35% of the aggregate principal amount of the Senior Unsecured Notes, at any time before April 15, 2018, with the net cash proceeds of certain equity offerings at a redemption price equal to 108.875% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption, provided that at least 50% of the aggregate principal amount of the Senior Unsecured Notes remain outstanding immediately after the occurrence of such redemption and such redemption occurs within 180 days of the date of the closing of any such qualified equity offering.

We may redeem the Senior Unsecured Notes, in whole or in part, at any time prior to April 15, 2018 at a price equal to 100.000% of the principal amount of the notes redeemed plus an applicable make-whole premium, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. We may redeem the Senior Unsecured Notes, in whole or in part, at any time on or after April 15, 2018, plus accrued and unpaid interest, if any, to the date of redemption plus a redemption price equal to a percentage of the principal amount of the notes redeemed based on the following redemption schedule:

April 15, 2018 to April 14, 2019	106.656%
April 15, 2019 to April 14, 2020	104.438%
April 15, 2020 and thereafter	100.000%

If one of the Company's subsidiaries, Surgery Center Holdings, Inc., experience a change in control under certain circumstances, we must offer to purchase the notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to, but excluding, the date of repurchase.

The Senior Unsecured Notes contain customary affirmative and negative covenants, which among other things, limit our ability to incur additional debt, pay dividends, create or assume liens, effect transactions with its affiliates, guarantee payment of certain debt securities, sell assets, merge, consolidate, enter into acquisitions and effect sale and leaseback transactions.

In connection with the offering of the Senior Unsecured Notes, we incurred debt issuance costs of $8.4 million.

Scheduled amortization of the discount recorded in connection with the Senior Unsecured Notes follows (in thousands):

January 1, 2017 through December 31, 2017	2,379
January 1, 2018 through December 31, 2018	2,618
January 1, 2019 through December 31, 2019	2,888
January 1, 2020 through December 31, 2020	3,196
January 1, 2021 through April 15, 2021	977
Total discount on First Lien Credit Agreement	$ 12,058

Other Debt Transactions

On January 27, 2014, we obtained $90.0 million in additional borrowings on the Credit Facilities to return capital to shareholders. We recorded $1.4 million and $2.9 million as a reduction of the carrying value of the additional borrowings as original issue discount and amounts paid to lender for debt related issuance costs, respectively, which are accreted to interest expense over the term of the loan. During the year ended December 31, 2014, approximately $380,000 was accreted to interest expense. The $90.0 million in additional borrowings, including the related debt issuance costs, were included in the extinguishment of debt that was financed with the proceeds of the Facilities obtained in connection with the acquisition of Symbion on November 3, 2014.

Subordinated Notes

Effective April 11, 2013, we amended and reduced the size of our subordinated debt facility ("Subordinated Notes") to $1.0 million from $53.8 million. Through a separate transaction in April 2013, H.I.G. Surgery Centers, LLC, our affiliate, purchased the Subordinated Notes from an independent third party. At December 31, 2016 and December 31, 2015, the debt is payable to H.I.G. Surgery Centers, LLC and mature on August 4, 2017. Effective January 1, 2014, the Subordinated Notes bear interest of 17.00% per annum.

Notes Payable and Secured Loans

Certain of our subsidiaries have outstanding bank indebtedness, which is collateralized by the real estate and equipment owned by the surgical facilities to which the loans were made. The various bank indebtedness agreements contain covenants to maintain certain financial ratios and also restrict encumbrance of assets, creation of indebtedness, investing activities and payment of distributions. At December 31, 2016, we were in compliance with the covenants contained in the credit agreement. The outstanding balance on notes payable to financial institutions was $42.5 million, $40.6 million and $31.6 million as of December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016, the Company and its subsidiaries also provide a corporate guarantee of certain indebtedness of the Company's subsidiaries.

Capital Lease Obligations

We are liable to various vendors for several equipment leases. The carrying value of the leased assets was $15.4 million and $12.3 million as of December 31, 2016 and 2015, respectively.

Summary

We believe we have sufficient liquidity in the next 12 to 18 months as described above. Nevertheless, we continue to monitor the state of the financial and credit markets and our current and expected liquidity and capital resource needs, and intend to continue to explore various financing alternatives to improve capital structure, including reducing debt, extending maturities or relaxing financial covenants. These may include new equity or debt financings or exchange offers with existing security holders (including exchanges of debt for debt or equity) and other transactions involving our outstanding securities, given their secondary market trading prices. We cannot assure you, if we pursue any of these transactions, that we will be successful in completing a transaction on attractive terms, or at all.

EBITDA, Adjusted EBITDA and Credit Agreement EBITDA

When we use the term "EBITDA," we are referring to net income minus (a) net income attributable to non-controlling interests plus (b) income tax expense (benefit), (c) interest expense, net, and (d) depreciation and amortization. Non-controlling interests represent the interests of third parties, such as physicians, and in some cases, healthcare systems that own an interest in surgical facilities that we consolidate for financial reporting purposes. Our operating strategy is to apply a market-based approach in structuring our partnerships with individual market dynamics driving the structure. We believe that it is helpful to investors to present EBITDA as defined above because it excludes the portion of net income attributable to these third-party interests and clarifies for investors our portion of EBITDA generated by our surgical facilities and other operations.

We use EBITDA as a measure of liquidity. We have included it because we believe that it provides investors with additional information about our ability to incur and service debt and make capital expenditures. When we use the term "Adjusted EBITDA", we are referring to EBITDA, as defined above, adjusted for (a) management fee, (b) merger transaction, integration and practice acquisition costs, (c) non-cash stock compensation expense, (d) loss on debt refinancing, (e) contingent acquisition compensation expense, (f) tax receivable agreement expense, (g) termination of management agreement and IPO costs, (h) gain on litigation settlement and (i) loss (gain) on disposal or impairment of long-lived assets.

We use "Credit Agreement EBITDA" to determine our compliance under certain covenants pursuant to our credit facilities. When we use the term "Credit Agreement EBITDA," we are referring to Adjusted EBITDA, as defined above, further adjusted for (a) acquisitions,

(b) non-cash expenses and (e) de novo start-up losses. These adjustments do not relate to our historical financial performance and instead relate to estimates compiled by our management and calculated in conformance with the definition of "Consolidated EBITDA" used in the credit agreements governing our credit facilities.

EBITDA, Adjusted EBITDA and Credit Agreement EBITDA are not measurements of financial performance or liquidity under GAAP. They should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating, investing or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from EBITDA, Adjusted EBITDA and Credit Agreement EBITDA are significant components in understanding and evaluating financial performance and liquidity. Our calculation of EBITDA, Adjusted EBITDA and Credit Agreement EBITDA may not be comparable to similarly titled measures reported by other companies.

The following table reconciles EBITDA and Adjusted EBITDA to net income (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Consolidated Statements of Operations Data (in thousands):			
Net income	$ 85,083	$ 72,845	$ (27,052)
(Minus):			
Net income attributable to non-controlling interests	75,630	71,416	38,845
Plus (minus):			
Income tax expense (benefit)	7,095	(148,982)	15,758
Interest expense, net	100,571	100,980	62,101
Depreciation and amortization	39,551	34,545	15,061
EBITDA	156,670	(12,028)	27,023
Plus:			
Management fee [1]	—	2,250	2,161
Merger transaction, integration and practice acquisition costs	11,617	20,579	21,690
Termination of management agreement and IPO costs	—	5,834	—
Tax receivable agreement expense	3,733	119,911	—
Non-cash stock compensation expense	2,021	7,502	942
Loss on debt refinancing	11,876	16,102	23,414
Contingent acquisition compensation expense	5,092	—	—
Gain on litigation settlement	(14,101)	—	—
Loss (gain) on disposal or impairment of long-lived assets, net	2,355	(2,097)	1,804
Adjusted EBITDA	$ 179,263	$ 158,053	$ 77,034

(1): Fee payable pursuant the Management and Investment Advisory Services Agreement between the Company and Bayside Capital, Inc. which terminated in connection with our IPO.

Appendix 3

The following table reconciles EBITDA, Adjusted EBITDA and Credit Agreement EBITDA to net income (in thousands and unaudited):

	Twelve Months Ended December 31, 2016
Condensed Consolidated Statements of Operations Data (in thousands):	
Net income	$ 85,083
(Minus):	
Net income attributable to non-controlling interests	75,630
Plus (minus):	
Income tax expense	7,095
Interest expense, net	100,571
Depreciation and amortization	39,551
EBITDA	156,670
Plus:	
Merger transaction, integration and practice acquisition costs	11,617
Tax receivable agreement expense	3,733
Non-cash stock compensation expense	2,021
Contingent acquisition compensation expense	5,092
Loss on debt refinancing	11,876
Gain on litigation settlement	(14,101)
Loss on disposal or impairment of long-lived assets, net	2,355
Adjusted EBITDA	179,263
Plus:	
Acquisitions [1]	40,757
Non-cash expenses	1,596
De novo start-up losses [2]	913
Credit Agreement EBITDA	$ 222,529

(1): Represents impact of acquired anesthesia entities, physician practices and surgical facilities as if each acquisition had occurred on January 1, 2016 including cost savings from reductions in corporate overhead, supply chain rationalization, enhanced physician engagement, improved payor contracting and revenue synergies associated with rolling out our suite of ancillary services throughout both the acquired entities and Symbion portfolio. Further, this includes revenue synergies from other business initiatives as defined in the Credit Agreement.

(2): Relates to the losses associated with de novo in-market physician practices opened during the last twelve months.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual obligations by period as of December 31, 2016 (in thousands):

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Long-term debt, including current maturities	$ 1,460,522	$ 22,963	$ 122,988	$ 1,310,677	$ 3,894
Cash interest obligations	331,091	82,537	161,814	86,740	—
Capital lease obligations	13,996	4,860	6,912	2,168	56
Operating lease obligations	335,316	46,517	82,098	63,143	143,558
Other financing obligations[1]	53,927	1,274	3,643	5,444	43,567
Total contractual obligations [2],[3]	$ 2,194,852	$ 158,151	$ 377,455	$ 1,468,172	$ 191,075

(1) Other financing obligations include a payable to the hospital facility lessor of our surgical hospital located in Idaho Falls, Idaho relating to the land, building and improvements at this facility and a payable to the facility lessor in Ocala, Florida relating to the building at this facility.

(2) We expect to pay $16.6 million in future contingent purchase compensation payments over the remaining performance period, April 2016-April 2019. These payments will be made should the requirements for continuing employment agreed to in the respective acquisition agreements be met.

Appendix 3

(3) We estimate the total amounts payable under the TRA to be approximately $123.3 million, if the tax benefits of related deferred tax assets are ultimately realized. Due to the nature of the TRA, we cannot reasonably estimate the timing of they payments. Of the total amount payable, we expect to pay approximately $1.0 million of the liability during the year ending December 31, 2017.

Inflation

Inflation and changing prices have not significantly affected our operating results or the markets in which we operate.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*," which outlines a single comprehensive model for recognizing revenue and supersedes most existing revenue recognition guidance, including guidance specific to the healthcare industry. This ASU provides companies the option of applying a full or modified retrospective approach upon adoption. This ASU was originally set to be effective for fiscal years beginning after December 15, 2016, and early adoption was not permitted. In July 2015, the FASB deferred the effective date for the standard to be effective for fiscal years beginning after December 15, 2017. The FASB will now permit companies to early adopt within one year of the new effective date. We will adopt this ASU on January 1, 2018 and currently plan to adopt using the full retrospective method. We continue to assess the impact of this ASU on our consolidated financial position, results of operations, cash flows and financial disclosures but anticipates the most significant change will be how the estimate for the allowance for doubtful accounts will be recognized under the new standard.

In February 2015, the FASB issued ASU 2015-02, "*Consolidation: Amendments to the Consolidation Analysis*," which amends the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities. Under this analysis, limited partnerships and other similar entities will be considered a variable-interest entity unless the limited partners hold substantive kick-out rights or participating rights. The provisions of ASU 2015-02 are effective for annual reporting periods beginning after December 15, 2015. We adopted this ASU on January 1, 2016. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operations, cash flows and financial disclosures.

In April 2015, the FASB issued ASU 2015-03, "*Simplifying the Presentation of Debt Issuance Costs*," which simplifies the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted, and the new guidance should be applied retrospectively. We adopted this ASU on January 1, 2016 retrospectively for all periods presented. As a result of the adoption of this ASU, we reclassified approximately $2.2 million at December 31, 2015, respectively, from deferred loan costs to long-term debt. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operations, cash flows and financial disclosures.

In August 2015, the FASB issued ASU 2015-15, "*Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*" which clarifies the SEC staff's position on presenting and measuring debt issuance costs incurred in connection with line-of-credit arrangements given the lack of guidance on this topic in ASU 2015-03. The SEC staff has announced that it would "not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement." We adopted this ASU on January 1, 2016 retrospectively for all periods presented. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operations, cash flows and financial disclosures.

In September 2015, the FASB issued ASU 2015-16, "*Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments*" which eliminates the requirement for an acquirer to retrospectively adjust its financial statements for changes to provisional amounts that are identified during the measurement-period following the consummation of a business combination. Instead, ASU 2015-16 requires these types of adjustments to be made during the reporting period in which they are identified and would require additional disclosure or separate presentation of the portion of the adjustment that would have been recorded in the previously reported periods as if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 is effective prospectively for fiscal years beginning after December 15, 2015, including interim periods within those years. We adopted this ASU on January 1, 2016. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operations, cash flows and financial disclosures.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*", which will require, among other items, lessees to recognize most leases as assets and liabilities on the balance sheet. Qualitative and quantitative disclosures will be enhanced to better understand the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. We believe the primary effect of adopting the new standard will be to record right-of-use assets and obligations for current operating leases.

In March 2016, the FASB issued ASU 2016-07, "*Investments- Equity Method and Joint Ventures*," which allows investments that now meet equity method treatment that were previously accounted for under a different method to apply the equity method prospectively from the date the investment qualifies for equity method treatment. ASU 2016-07 is effective prospectively for fiscal years beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted. We are currently evaluating the impact this new guidance may have on the consolidated financial position, results of operations and cash flows.

In March 2016, the FASB issued ASU 2016-09, "*Improvements to Employee Share-Based Payment Accounting*," which simplifies the accounting for share-based payments including the income tax consequences, classification of certain awards and treatment of forfeitures. ASU 2016-09 is effective prospectively for fiscal years beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted. We early adopted this ASU during the first quarter of 2016. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operation, cash flows and financial disclosures.

In August 2016, the FASB issued ASU 2016-15, "*Classification of Certain Cash Receipts and Cash Payments*," which clarifies the classification of certain cash receipts and cash payments on the statement of cash flows. ASU 2016-15 is effective retrospectively for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted. We are currently evaluating the impact this new guidance may have on the consolidated cash flows.

In October 2016, the FASB issued ASU 2016-17, "*Interests Held through Related Parties That Are under Common Control*," which modifies existing guidance with respect to how a decision maker that holds an indirect interest in a VIE through a common control party determines whether it is the primary beneficiary of the VIE as part of the analysis of whether the VIE would need to be consolidated. Under the ASU, a decision maker would need to consider only its proportionate indirect interest in the VIE held through a common control party. Previous guidance had required the decision maker to treat the common control party's interest in the VIE as if the decision maker held the interest itself. As a result of the ASU, in certain cases, previous consolidation conclusions may change. ASU 2016-17 is effective prospectively for fiscal years beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted. We are currently evaluating the impact this new guidance may have on the consolidated financial position, results of operations and cash flows.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows: Restricted Cash*," which will require the reconciliation of restricted cash in the statement of cash flows. ASU 2016-18 is effective retrospectively for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted. The adoption of this ASU will not have a material impact on our consolidated cash flows.

In January 2017, the FASB issued ASU 2017-01, "*Business Combinations – Clarifying the Definition of a Business*," which narrows the definition of a business when evaluating whether transactions should be accounted for as asset acquisition or business combination. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted. We are currently evaluating the impact this new guidance may have on the consolidated financial position, results of operations and cash flows.

In January 2017, the FASB issued ASU 2017-04, "*Simplifying the Test for Goodwill Impairment*," which eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on the current Step 1). ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within those years. Early adoption is permitted for annual and interim periods after January 1, 2017. We are currently evaluating the impact this new guidance may have on the consolidated financial position, results of operations and cash flows. The adoption of ASU 2017-04 would only impact our financial statements in situations where an impairment of a reporting unit's assets is determined.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are subject to market risk primarily from exposure to changes in interest rates based on our financing, investing and cash management activities. We utilize a balanced mix of maturities along with both fixed rate and variable rate debt to manage our exposures to changes in interest rates, and do not hold or issue any derivative financial instruments for this purpose.

Our variable debt instruments are primarily indexed to the prime rate or LIBOR. Interest rate changes would result in gains or losses in the market value of our fixed rate debt portfolio due to differences in market interest rates and the rates at the inception of the debt agreements. At December 31, 2016, $469.5 million of our outstanding debt was in fixed rate instruments and the remaining $917.4 million was in variable rate instruments. Assuming a hypothetical 100 basis points increase in LIBOR on our debt as of December 31, 2016 based on the level outstanding debt in variable rate instruments at that time, our annual interest expense would increase by approximately $1.8 million. Although there can be no assurances that interest rates will not change significantly, we do not expect changes in interest rates to have a material effect on our net earnings or cash flows in 2017 based on our indebtedness at December 31, 2016.

Item 8. Financial Statements and Supplementary Data

Information with respect to this Item is contained in our consolidated financial statements beginning on Page F-1 of this report.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures and Limitations on the Effectiveness of Controls

We maintain a system of "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e)) under the Exchange Act) that are designed to ensure that information required to be disclosed in the reports that we file under the Exchange Act is recorded,

processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or furnished under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, our management, including our principal executive officer and principal financial officer, recognizes that any set of controls and procedures, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of controls. For these reasons, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation of our disclosure controls and procedures conducted as of December 31, 2016, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were not effective as a result of the material weakness that existed in our internal control over financial reporting, as described in Management's Report on Internal Control Over Financial Reporting below.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate "internal control over financial reporting" (as such term is defined in Rule 13a-15(f)) under the Exchange Act) for the Company. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions and disposition of assets; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures are made only in accordance with management and board authorizations; and providing reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with GAAP. Because of the inherent limitations in any internal control, no matter how well designed, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016. The assessment was based on criteria established in the framework *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management, including the chief executive officer and chief financial officer, recognized certain control deficiencies in our internal control over financial reporting pertaining to lack of documentation evidencing certain controls involving revenue, accounts receivable and related allowances, which aggregate to a material weakness as of December 31, 2016. A material weakness in internal control over financial reporting is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls. As a result of the identified material weakness, management, including the chief executive officer and chief financial officer, concluded that internal control over financial reporting was not effective as of December 31, 2016. Ernst & Young LLP, the independent registered public accounting firm that audited our financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2016. Their attestation report is included below in this Item 9A.

Notwithstanding the identified material weakness as of December 31, 2016, management, including the chief executive officer and chief financial officer, believes that the audited consolidated financial statements contained in this Annual Report on Form 10-K fairly present, in all material respects, our financial condition, results of operations and cash flows for the fiscal years presented in conformity with GAAP. Additionally, this material weakness did not result in any restatements of our audited and unaudited consolidated financial statements or disclosures for any previously reported periods.

As permitted by SEC guidance, the Company excluded its 2016 acquisitions, as discussed in Note 3 to the consolidated financial statements, from its assessment of and conclusion on the effectiveness of its internal control over financial reporting. As of and for the year ended December 31, 2016, these entities constituted 0.8% of consolidated total assets, and 2.3% of consolidated revenues.

Attestation Report of the Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Surgery Partners, Inc. (the "Company")

We have audited Surgery Partners, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Surgery Partners, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of its 2016 acquisitions, discussed in Note 3 to the consolidated financial statements, which is included in the 2016 consolidated financial statements of Surgery Partners, Inc. and constituted 0.8% of consolidated total assets as of December 31, 2016, and 2.3% of consolidated revenues for the year then ended. Our audit of internal control over financial reporting of Surgery Partners, Inc. also did not include an evaluation of the internal control over financial reporting of its 2016 acquisitions, discussed in Note 3 to the consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. A material weakness has been identified pertaining to the aggregation of design and operating deficiencies in certain controls over revenue, accounts receivable and related allowances. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Surgery Partners, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2016 and our report dated March 10, 2017 expressed an unqualified opinion thereon. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2016 financial statements, and this report does not affect our report dated March 10, 2017, which expressed an unqualified opinion on those financial statements.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Surgery Partners, Inc. has not maintained effective internal control over financial reporting, as of December 31, 2016, based on the COSO criteria.

/s/ Ernst & Young LLP
Nashville, Tennessee
March 10, 2017

Management's Plan for Remediation of the Material Weakness in Internal Control Over Financial Reporting

Management, including the chief executive officer and chief financial officer, is engaging in efforts to remediate the material weakness described above as follows:

- We intend to enhance and implement policies setting forth specific requirements for documentation related to our controls with respect to revenue, accounts receivable and related allowances; and
- We intend to implement additional review and analysis procedures to ensure that our policies are being followed.

Management believes that these remedial measures will adequately address the material weakness, but may determine that additional remedial measures are required.

Changes in Internal Control over Financial Reporting

Except for the material weakness described above, there have been no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information called for by Item 10 is incorporated herein by reference to the definitive Proxy Statement of the Company relating to the 2017 Annual Meeting of Stockholders (the "Definitive Proxy Statement"), which the Company intends to file within 120 days after the close of our fiscal year ended December 31, 2016.

Item 11. Executive Compensation

The information called for by Item 11 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by Item 12 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by Item 13 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10.

Item 14. Principal Accounting Fees and Services

The information called for by Item 14 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(1) Financial Statements

Our Consolidated Financial Statements and Notes thereto are set forth starting an page F-1 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

All financial schedules have been omitted either because they are not applicable or because the required information is provided in our Consolidated Financial Statements and Notes thereto, starting on page F-1 of this Annual Report on Form 10-K.

(3) Exhibits

The Index to Exhibits, which appears immediately following the signature page and is incorporated herein by reference, is filed as part of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Surgery Partners, Inc.

We have audited the accompanying consolidated balance sheets of Surgery Partners, Inc. (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Surgery Partners, Inc. at December 31, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company changed its presentation of debt issuance costs as a result of the adoption of Accounting Standards Update 2015-03, "*Simplifying the Presentation of Debt Issuance Costs*, and applied the change retrospectively to December 31, 2015.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Surgery Partners, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 10, 2017 expressed an adverse opinion thereon.

/s/ Ernst & Young LLP
Nashville, Tennessee
March 10, 2017

SURGERY PARTNERS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except shares and per share amounts)

	December 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 69,699	$ 57,933
Accounts receivable, less allowance for doubtful accounts of $29,872 and $18,322, respectively	220,594	177,757
Inventories	28,777	25,591
Prepaid expenses and other current assets	32,014	34,620
Acquisition escrow deposit	10,871	13,984
Indemnification receivable due from seller	—	1,072
Total current assets	361,955	310,957
Property and equipment, net	204,253	184,550
Intangible assets, net	48,023	53,568
Goodwill	1,555,204	1,407,927
Investments in and advances to affiliates	34,980	34,103
Restricted invested assets	315	316
Long-term deferred tax assets	83,793	94,105
Acquisition escrow deposit	—	8,408
Other long-term assets	16,435	10,509
Total assets	$ 2,304,958	$ 2,104,443
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 49,766	$ 45,341
Accrued payroll and benefits	29,273	26,307
Acquisition escrow liability	10,871	13,984
Other current liabilities	68,993	68,410
Current maturities of long-term debt	27,822	27,247
Total current liabilities	186,725	181,289
Long-term debt, less current maturities	1,414,421	1,228,112
Long-term tax receivable agreement liability	122,351	119,655
Acquisition escrow liability	—	8,408
Other long-term liabilities	76,266	85,613
Non-controlling interests—redeemable	180,521	183,439
Stockholders' equity:		
Preferred stock, $0.01 par value, 20,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.01 par value, 300,000,000 shares authorized, 48,488,616 shares issued and outstanding at December 31, 2016; 48,156,990 shares issued and outstanding at December 31, 2015	485	482
Additional paid-in capital	320,543	316,294
Retained deficit	(311,351)	(320,804)
Total Surgery Partners, Inc. stockholders' equity (deficit)	9,677	(4,028)
Non-controlling interests—non-redeemable	314,997	301,955
Total stockholders' equity	324,674	297,927
Total liabilities and stockholders' equity	$ 2,304,958	$ 2,104,443

See notes to consolidated financial statements.

SURGERY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except shares and per share amounts)

	Year Ended December 31,		
	2016	2015	2014
Revenues	$ 1,145,438	$ 959,891	$ 403,289
Operating expenses:			
Salaries and benefits	357,175	261,685	101,976
Supplies	269,239	242,083	94,224
Professional and medical fees	81,185	66,583	18,028
Lease expense	52,147	44,848	19,389
Other operating expenses	61,450	54,127	20,561
Cost of revenues	821,196	669,326	254,178
General and administrative expenses (includes contingent acquisition compensation expense of $5,092 for the year ended December 31, 2016)	60,246	55,992	31,452
Depreciation and amortization	39,551	34,545	15,061
Provision for doubtful accounts	24,212	23,578	9,509
Income from equity investments	(4,764)	(3,777)	(1,264)
Loss (gain) on disposal or impairment of long-lived assets, net	2,355	(2,097)	1,804
Loss on debt refinancing	11,876	16,102	23,414
Merger transaction and integration costs	8,738	17,920	21,690
Gain on litigation settlement	(14,101)	—	—
Terminstion of management agreement and IPO costs	—	5,834	—
Electronic health records incentive income	(408)	(1,761)	(3,356)
Other expenses (income)	55	(525)	(6)
Total operating expenses	948,956	815,137	352,482
Operating income	196,482	144,754	50,807
Tax receivable agreement expense	(3,733)	(119,911)	—
Interest expense, net	(100,571)	(100,980)	(62,101)
Income (loss) before income taxes	92,178	(76,137)	(11,294)
Income tax expense (benefit)	7,095	(148,982)	15,758
Net income (loss)	85,083	72,845	(27,052)
Less: Net income attributable to non-controlling interests	(75,630)	(71,416)	(38,845)
Net income (loss) attributable to Surgery Partners, Inc.	$ 9,453	$ 1,429	$ (65,897)
Net income (loss) per share attributable to common stockholders			
Basic	$ 0.20	$ 0.04	$ (2.04)
Diluted [1]	$ 0.20	$ 0.04	$ (2.04)
Weighted average common shares outstanding [2]			
Basic	48,018,944	36,066,233	32,295,364
Diluted [1]	48,190,738	37,464,387	32,295,364

(1) The impact of potentially dilutive securities for the year ended December 31, 2014 was not considered because the effect would be anti-dilutive for the period.
(2) Effect of the Reorganization in 2015, as defined in Note 1, has been retrospectively applied to all periods presented.

See notes to consolidated financial statements.

SURGERY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2016	2015	2014
Net income (loss)	$ 85,083	$ 72,845	$ (27,052)
Other comprehensive income	—	—	—
Comprehensive income (loss)	$ 85,083	$ 72,845	$ (27,052)
Less: Comprehensive income attributable to non-controlling interests	(75,630)	(71,416)	(38,845)
Comprehensive income (loss) attributable to Surgery Partners, Inc.	$ 9,453	$ 1,429	$ (65,897)

See notes to consolidated financial statements.

SURGERY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except shares)

	Common Stock [1]		Additional Paid-in Capital	Retained Deficit	Non-Controlling Interests—Non-Redeemable	Total
	Shares	Amount				
Balance as of December 31, 2013	1,000	$ —	$ 59,719	$ (163,336)	$ 89,242	$ (14,375)
Net (loss) income	—	—	—	(65,897)	34,766	(31,131)
Equity-based compensation	—	—	942	—	—	942
Acquisition and disposal of shares of non-controlling interests, net	—	—	633	—	202,024	202,657
Distributions to owners	—	—		(93,000)	—	(93,000)
Distributions to non-controlling interest—non-redeemable holders	—	—	—	—	(32,414)	(32,414)
Repurchase of units	—	$ —	(3,143)	—	—	(3,143)
Balance as af December 31, 2014	1,000	$ —	$ 58,151	$ (322,233)	$ 293,618	$ 29,536
Net income	—	—	—	1,429	53,800	55,229
Equity-based compensation	—	—	7,502	—	—	7,502
Acquisition and disposal of shares of non-controlling interests, net	—	—	(835)	—	4,321	3,486
Distributions to non-controlling interests—non-redeemable holders	—	—	—	—	(49,784)	(49,784)
Initial public offering	14,285,000	143	250,836	—	—	250,979
Effect of Reorganization [2]	33,870,990	339	—	—	—	339
Other	—	—	640	—	—	640
Balance as of December 31, 2015	48,156,990	$ 482	$ 316,294	$ (320,804)	$ 301,955	$ 297,927
Net income	—	—	—	9,453	57,607	67,060
Issuance of restricted stock, net of forfeitures	331,626	3	(3)	—	—	—
Equity-based compensation	—	—	2,021	—	—	2,021
Acquisition and disposal of shares of non-controlling interests, net	—	—	2,231	—	4,053	6,284
Distributions to non-controlling interests—non-redeemable holders	—	—	—	—	(48,618)	(48,618)
Balance as af December 31, 2016	48,488,616	$ 485	$ 320,543	$ (311,351)	$ 314,997	$ 324,674

(1) As described in Note 1 herein, the common stock of the Company is that of Surgery Partners, Inc. as of December 31, 2016 and 2015 and that of Surgery Center Holdings, Inc. as of December 31, 2014.
(2) As a result of the Reorganization that occurred on September 30, 2015 (as further described in Note 1), Surgery Center Holdings, Inc, became an indirect wholly owned subsidiary of Surgery Partners, Inc. and the common stock of Surgery Center Holdings, Inc. is eliminated in consolidation.

See notes to consolidated financial statements.

Appendix 3

SURGERY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2016	2015	2014
Cash flows from operating activities:			
Net income (loss)	$ 85,083	$ 72,845	$ (27,052)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	39,551	34,545	15,061
Amortization of debt issuance costs and discounts	7,199	6,263	3,746
Amortization of unfavorable lease liability	(431)	(431)	(72)
Equity-based compensation	2,021	7,502	942
Loss (gain) on disposal or impairment of long-lived assets, net	2,355	(2,097)	1,804
Gain on legal settlement	(14,101)	—	—
Loss on debt extinguishment	11,876	16,102	23,414
Tax receivable agreement expense	3,733	119,911	—
Deferred income taxes	6,882	(149,891)	14,089
Interest on contingent consideration obligation	1,124	1,041	964
Provision for doubtful accounts	24,212	23,578	9,509
Income from equity investments, net of distributions received	(846)	(543)	(713)
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
Accounts receivable	(60,622)	(48,783)	(20,161)
Other operating assets and liabilities	17,203	4,439	418
Net cash provided by operating activities	125,239	84,481	21,949
Cash flows from investing activities:			
Purchases of property and equipment, net	(39,109)	(33,439)	(7,736)
Payments for acquisitions, net of cash acquired	(146,405)	(112,596)	(263,280)
Proceeds from divestitures	765	11,193	—
Net cash used in investing activities	(184,749)	(134,842)	(271,016)
Cash flows from financing activities:			
Proceeds from initial public offering, net of offering costs	—	250,979	—
Principal payments on long-term debt	(473,437)	(328,329)	(1,009,874)
Borrowings of long-term debt	650,707	196,366	1,477,288
Payments of debt issuance costs	(14,296)	—	(7,496)
Penalty on prepayment of debt	(4,900)	—	—
Payment of premium of debt extinguishment	—	(7,305)	(17,840)
Distributions to non-controlling interest holders	(65,778)	(69,720)	(35,182)
Distribution to owners	—	—	(93,000)
Payments related to ownership transactions with consolidated affiliates	(20,096)	(12,175)	278
Repurchase of units	—	—	(3,143)
Financing lease obligation	(924)	3,558	(70)
Net cash provided by financing activities	71,276	33,374	310,961
Net (decrease) increase in cash and cash equivalents	11,766	(16,987)	61,894
Cash and cash equivalents at beginning of period	57,933	74,920	13,026
Cash and cash equivalents at end of period	$ 69,699	$ 57,933	$ 74,920
Supplemental cash flow information:			
Non-cash transactions:			
Notes payable issued in connection with an acquisition	$ 325	$ 7,430	$ —
Increase in debt related to new capital lease obligations	7,866	5,443	3,252
Cash payments:			
Interest paid, net of interest income received	79,262	96,799	50,377
Cash paid for income taxes	661	1,093	676

See notes to consolidated financial statements.

Appendix 3

1. Organization

Surgery Partners, Inc., a Delaware corporation (together with its subsidiaries, the "Company"), was formed April 2, 2015, as a holding company for the purpose of facilitating an initial public offering (the "IPO") of shares of common stock. Prior to September 30, 2015, the Company conducted business through Surgery Center Holdings, Inc. and its subsidiaries. Surgery Center Holdings, LLC was and is the sole direct owner of the equity interests of Surgery Center Holdings, Inc. and had no other material assets.

On September 30, 2015, Surgery Partners, Inc. became the direct parent and sole member of Surgery Center Holdings, LLC (the "Reorganization"). In the Reorganization, all of the equity interests held by the pre-IPO Owners of Surgery Center Holdings, LLC were contributed to Surgery Partners, Inc. in exchange for 33,871,990 shares of common stock of Surgery Partners, Inc. and certain rights to additional payments under a tax receivable agreement. After giving effect to the Reorganization, Surgery Partners, Inc. is a holding company, and its sole material asset is an equity interest in Surgery Center Holdings, LLC. The Company's consolidated financial statements for periods prior to the Reorganization represent the historical operating results and financial position of Surgery Center Holdings, Inc. and certain of its subsidiaries.

On October 1, 2015, the Company completed its IPO of 14,285,000 shares of common stock at an offering price of $19.00 per share. On October 6, 2015, the Company received net proceeds from the sale of common stock in this offering of $255.8 million, after deducting underwriting discounts and other fees of $15.6 million. These net proceeds were used to repay a portion of the borrowings outstanding under the 2014 Second Lien and to pay fees associated with this offering. The Company also incurred an additional $4.8 million in costs directly related to the IPO.

On November 3, 2014, the Company completed the acquisition of Symbion Holdings Corp. ("Symbion") ("the Merger"), which added 55 surgical facilities, including 49 ambulatory surgery centers ("ASCs") and six surgical hospitals, to its network of existing facilities. The Company acquired Symbion for a purchase price of $792.0 million pursuant to the terms of an Agreement and Plan of Merger dated as of June 13, 2014. The Symbion acquisition was financed through the issuance of approximately $1.4 billion under the Company's Term Loans and Revolving Facility.

As of December 31, 2016, the Company owned and operated a national network of surgical facilities and ancillary services in 29 states. The surgical facilities, which include ASCs and surgical hospitals, primarily provide non-emergency surgical procedures across many specialties, including, among others, gastroenterology ("GI"), general surgery, ophthalmology, orthopedics and pain management. The Company's surgical hospitals provide services such as diagnostic imaging, laboratory, obstetrics, oncology, pharmacy, physical therapy and wound care. Ancillary services are comprised of a diagnostic laboratory, multi-specialty physician practices, urgent care facilities, anesthesia services, optical services and specialty pharmacy services.

As of December 31, 2016, the Company owned or operated a portfolio of 104 surgical facilities, comprised of 99 ASCs and five surgical hospitals. The Company owns these facilities in partnership with physicians and, in some cases, healthcare systems in the markets and communities it serves. The Company owned a majority interest in 74 of the surgical facilities and consolidated 94 of these facilities for financial reporting purposes. In addition, the Company owned or operated a network of 56 physician practices.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, as well as interests in partnerships and limited liability companies controlled by the Company through its ownership of a majority voting interest or other rights granted to the Company by contract to manage and control the affiliate's business. All significant intercompany balances and transactions are eliminated in consolidation.

Non-Controlling Interests

The physician limited partners and physician minority members of the entities that the Company controls are responsible for the supervision and delivery of medical services. The governance rights of limited partners and minority members are restricted to those that protect their financial interests. Under certain partnership and operating agreements governing these partnerships and limited liability companies, the Company could be removed as the sole general partner or managing member for certain events such as material breach of the partnership or operating agreement, gross negligence or bankruptcy. These protective rights do not preclude consolidation of the respective partnerships and limited liability companies.

Ownership interests in consolidated subsidiaries held by parties other than the Company are identified and generally presented in the consolidated financial statements within the equity section but separate from the Company's equity. However, in instances in which certain redemption features that are not solely within the control of the Company are present, classification of non-controlling interests outside of permanent equity is required. Consolidated net income attributable to the Company and to the non-controlling interests are identified and presented on the consolidated statements of operations; changes in ownership interests are accounted for as equity transactions assuming the Company continues to consolidate related entities. Certain transactions with non-controlling interests are classified within financing activities in the consolidated statements of cash flows.

The consolidated financial statements of the Company include all assets, liabilities, revenues and expenses of surgical facilities in which the Company has sufficient ownership and rights to allow the Company to consolidate the surgical facilities. Similar to its investments in

non-consolidated affiliates, the Company regularly engages in the purchase and sale of ownership interests with respect to its consolidated subsidiaries that do not result in a change of control.

Non-Controlling Interests — Redeemable. Each of the partnerships and limited liability companies through which the Company owns and operates its surgical facilities is governed by a partnership or operating agreement. In certain circumstances, the partnership and operating agreements for the Company's surgical facilities provide that the facilities will purchase all of the physicians' ownership if certain adverse regulatory events occur, such as it becoming illegal for the physicians to own an interest in a surgical facility, refer patients to a surgical facility or receive cash distributions from a surgical facility. The non-controlling interests - redeemable are reported outside of stockholders' equity in the consolidated balance sheets.

A summary of activity related to the non-controlling interests—redeemable follows (in thousands):

Balance at December 31, 2014	$ 192,589
Net income attributable to non-controlling interests—redeemable	17,616
Acquisition and disposal of shares of non-controlling interests, net—redeemable	(6,830)
Distributions to non-controlling interest—redeemable holders	(19,936)
Balance at December 31, 2015	183,439
Net income attributable to non-controlling interests—redeemable	18,023
Acquisition and disposal of shares of non-controlling interests, net—redeemable	(3,781)
Distributions to non-controlling interest—redeemable holders	(17,160)
Balance at December 31, 2016	$ 180,521

Variable Interest Entities

The consolidated financial statements include the accounts of variable interest entities in which the Company is the primary beneficiary under the provisions of Accounting Standards Codification ("ASC") Topic 810, *Consolidation*. At December 31, 2016, the variable interest entities include five surgical facilities, three anesthesia practices and two physician practices. At December 31, 2015, the variable interest entities included five surgical facilities, three anesthesia practices and one physician practice. There was an additional one acquisition at December 31, 2016. The Company has the power to direct the activities that most significantly impact the variable interest entity's economic performance. Additionally, the Company would absorb the majority of the expected losses of these entities should they occur. As of December 31, 2016 and December 31, 2015, the consolidated balance sheets of the Company included total assets of $99.5 million and $104.2 million, respectively, and total liabilities of $10.7 million and $13.2 million, respectively, related to the Company's variable interest entities.

Equity Method Investments

The Company has non-consolidating investments in surgical facilities and management companies that own or manage surgical facilities. These investments are accounted for using the equity method of accounting. The total amount of these investments included in investments in and advances to affiliates in the consolidated balance sheets was $35.0 million and $34.1 million as of December 31, 2016 and December 31, 2015, respectively.

Use of Estimates

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and footnotes. Examples include, but are not limited to, estimates of accounts receivable allowances, professional and general liabilities and the estimate of deferred tax assets or liabilities. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All adjustments are of a normal, recurring nature. Actual results could differ from these estimates.

Reclassifications

Certain reclassifications have been made to the comparative periods' financial statements to conform to the current year presentation.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability. The Company uses fair value measurements based on quoted prices in active markets for identical assets or liabilities (Level 1), inputs other than quoted prices in active markets that are either directly or indirectly observable (Level 2), or unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions (Level 3), depending on the nature of the item being valued.

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, restricted invested assets and accounts payable approximate their fair values.

A summary of the carrying amounts and fair values of the Company's long-term debt follows (in thousands):

	Carrying Amount		Fair Value	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
2014 First Lien Credit Agreement, net of debt issuance and discount	$ 911,784	$ 839,701	$ 917,528	$ 827,458
2014 Second Lien Credit Agreement, net of debt issuance and discount	$ —	$ 237,532	$ —	$ 224,617
Senior Unsecured Notes, net of debt issuance costs and discount	$ 387,942	$ —	$ 412,189	$ —

The fair values of the 2014 First Lien Credit Agreement, 2014 Second Lien Credit Agreement and Senior Unsecured Notes, as defined in Note 5 on Long-Term Debt, were based on a Level 2 computation using quoted prices for identical liabilities in inactive markets at December 31, 2016 and 2015, as applicable. The carrying amounts related to the Company's other long-term debt obligations approximate their fair values.

The Company maintains a supplemental executive retirement savings plan (the "SERP") for certain former Symbion executive officers. The SERP is a non-qualified deferred compensation plan for eligible executive officers and other key employees of the Company that allows participants to defer portions of their compensation. The fair value of the SERP asset and liability was based on a quoted market price, or a Level 1 computation. As of December 31, 2016 and 2015, the fair value of the assets in the SERP were $1.7 million and $1.6 million, respectively, and were included in other long-term assets in the consolidated balance sheets. The Company had a liability related to the SERP of $1.7 million and $1.6 million as of December 31, 2016 and 2015, respectively, which was included in other long-term liabilities in the consolidated balance sheets.

Revenues

The Company recognizes revenues in the period in which the services are performed. Patient service revenues and receivables from third-party payors are recorded net of estimated contractual adjustments and allowances, which the Company estimates based on the historical trend of its cash collections and contractual write-offs, accounts receivable agings, established fee schedules, contracts with payors and procedure statistics.

A summary of revenues by service type as a percentage of total revenues follows:

	Year Ended December 31,		
	2016	2015	2014
Patient service revenues:			
Surgical facilities revenues	90.3%	91.6%	83.9%
Ancillary services revenues	7.9%	6.4%	12.3%
	98.2%	98.0%	96.2%
Other service revenues:			
Optical services revenues	1.1%	1.5%	3.5%
Other	0.7%	0.5%	0.3%
	1.8%	2.0%	3.8%
Total revenues	100.0%	100.0%	100.0%

Patient service revenues. The fee charged for healthcare procedures performed in surgical facilities varies depending on the type of service provided, but usually includes all charges for usage of an operating room, a recovery room, special equipment, medical supplies, nursing staff and medications. The fee does not normally include professional fees charged by the patient's surgeon, anesthesiologist or other attending physician, which are billed directly by such physicians to the patient or third-party payor. However, in several surgical facilities, the Company charges for anesthesia services. Ancillary service revenues include fees for patient visits to the Company's physician practices, pharmacy services and diagnostic tests ordered by physicians. Patient service revenues are recognized on the date of service, net of estimated contractual adjustments and discounts from third-party payors, including Medicare and Medicaid. Changes in estimated contractual adjustments and discounts are recorded in the period of change. During the year ended December 31, 2016, the Company recognized an increase to patient service revenues as a result of changes in estimates to third-party settlements related to prior years of approximately $6.8 million compared to $2.3 million during the year ended December 31, 2015.

The following table sets forth patient service revenues by type of payor and as a percentage of total patient service revenues for the Company's consolidated surgical facilities (dollars in thousands):

	Year Ended December 31,					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Patient service revenues:						
Private insurance	$ 579,662	51.5%	$ 516,739	55.0%	$ 202,172	52.1%
Government	448,953	39.9%	359,471	38.2%	134,041	34.5%
Self-pay	19,817	1.8%	16,190	1.7%	13,645	3.5%
Other	76,172	6.8%	48,311	5.1%	38,215	9.9%
Total patient service revenues	$ 1,124,604	100.0%	$ 940,711	100.0%	$ 388,073	100.0%
Other service revenues:						
Optical service revenues	$ 12,505		$ 14,572		$ 14,193	
Other revenues	8,329		4,608		1,023	
Total net revenues	$ 1,145,438		$ 959,891		$ 403,289	

Other service revenues. Optical service revenues consist of product sales from the Company's optical laboratories as well as handling charges billed to the members of the Company's optical products purchasing organization. The Company's optical products purchasing organization negotiates volume buying discounts with optical products manufacturers. The buying discounts and any handling charges billed to the members of the buying group represent the revenue recognized for financial reporting purposes. Revenue is recognized as orders are shipped to members. The Company bases its estimates for sales returns and discounts on historical experience and has not experienced significant fluctuations between estimated and actual return activity and discounts given. The Company's optical laboratories manufacture and distribute corrective lenses and eyeglasses to ophthalmologists and optometrists. Revenue is recognized when product is shipped, net of allowance for discounts. The Company's marketing products and services businesses recognize revenue when product is shipped or services are rendered.

Other revenues include management and administrative service fees derived from the non-consolidated facilities that the Company accounts for under the equity method, management of surgical facilities in which it does not own an interest, and management services provided to physician practices for which the Company is not required to provide capital or additional assets. The fees derived from these management arrangements are based on a predetermined percentage of the revenues of each facility or practice and are recognized in the period in which services are rendered.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash and cash equivalent balances at high credit quality financial institutions.

Accounts Receivable and Allowances for Contractual Adjustments and Doubtful Accounts

Accounts receivable are recorded net of contractual adjustments and allowances for doubtful accounts to reflect accounts receivable at net realizable value. Accounts receivable consists of receivables from federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, employers and patients. Management recognizes that revenues and receivables from government agencies are significant to the Company's operations, but it does not believe that there is significant credit risk associated with these government agencies. Concentration of credit risk with respect to other payors is limited because of the large number of such payors. As of December 31, 2016, the Company had a net third-party Medicaid settlements receivable of $454,000 compared to a third-party Medicaid settlements liability of $5.2 million at December 31, 2015.

The Company recognizes that final reimbursement of accounts receivable is subject to final approval by each third-party payor. However, because the Company has contracts with its third-party payors and also verifies insurance coverage of the patient before medical services are rendered, the amounts that are pending approval from third-party payors are not significant. The Company's policy is to collect co-payments and deductibles prior to providing medical services. It is also the Company's policy to verify a patient's insurance 72 hours prior to the patient's procedure. Patient services of the Company are primarily non-emergency, which allows the surgical facilities to control the procedures for which third-party reimbursement is sought and obtained. The Company does not require collateral from self-pay patients.

The Company analyzes accounts receivable at each of its facilities to ensure the proper aged category and collection assessment. At a consolidated level, the Company's policy is to review accounts receivable aging, by facility, to determine the appropriate allowance for doubtful accounts. Patient account balances are reviewed for delinquency based on contractual terms. This review is supported by an analysis of the actual revenues, contractual adjustments and cash collections received. An account balance is written off only after the Company has pursued collection with legal or collection agency assistance or otherwise has deemed an account to be uncollectible.

A summary of the changes in the allowance for doubtful accounts receivable follows (in thousands):

Balance at December 31, 2013	$ 5,028
Provision for doubtful accounts	9,509
Accounts written off, net of recoveries	(9,208)
Balance at December 31, 2014	5,329
Provision for doubtful accounts	23,578
Accounts written off, net of recoveries	(10,585)
Balance at December 31, 2015	18,322
Provision for doubtful accounts	24,212
Accounts written off, net of recoveries	(12,662)
Balance at December 31, 2016	$ 29,872

The Company records an estimate for doubtful accounts based on the aging category and historical collection experience of each product sales or other business included in other service revenues, as discussed in the note above.

The receivables related to the Company's optical products purchasing organization are recognized separately from patient accounts receivable, as discussed above, and are included in other current assets in the consolidated balance sheets. Such receivables were $7.0 million and $8.4 million at December 31, 2016 and 2015, respectively.

Inventories

Inventories, which consist primarily of medical and drug supplies, are stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.

Prepaid Expenses and Other Current Assets

A summary of prepaid expenses and other current assets follows (in thousands):

	December 31,	
	2016	2015
Prepaid expenses	$ 11,158	$ 7,409
Receivables - optical product purchasing organization	7,042	8,434
Acquisition escrow receivable	—	8,000
Insurance recoveries	2,476	2,363
Other current assets	11,338	8,414
Total	$ 32,014	$ 34,620

Property and Equipment

Property and equipment are stated at cost or, if obtained through acquisition, at fair value determined on the date of acquisition. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, generally three to five years for computers and software and five to seven years for furniture and equipment. Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the assets. Routine maintenance and repairs are expensed as incurred, while expenditures that increase capacities or extend useful lives are capitalized.

The Company also leases certain facilities and equipment under capital leases. Assets held under capital leases are stated at the present value of minimum lease payments at the inception of the related lease. Such assets are depreciated on a straight-line basis over the lesser of the lease term or the remaining useful life of the leased asset.

Goodwill and Intangible Assets

Goodwill represents the fair value of the consideration provided in an acquisition over the fair value of net assets acquired and is not amortized. The Company has indefinite-lived intangible assets related to the certificates of need held in jurisdictions where certain of its surgical facilities are located. The Company also has finite-lived intangible assets related to physician guarantee agreements, non-compete agreements, management agreements and customer relationships. Physician income guarantees are amortized into salaries and benefits costs in the consolidated statements of operations over the commitment period of the contract, generally three to four years. Non-compete agreements and management rights agreements are amortized into depreciation and amortization expense in the consolidated statements of operations over the service lives of the agreements, ranging from two years to 20 years for non-compete agreements and 15 years for the management rights agreements. Customer relationships are amortized into depreciation and amortization expense in the consolidated statements of operations over the estimated lives of the relationships, ranging from three to ten years.

Impairment of Long-Lived Assets, Goodwill and Intangible Assets

The Company evaluates the carrying value of long-lived assets when impairment indicators are present or when circumstances indicate that impairment may exist. The Company performs an impairment test by preparing an expected undiscounted cash flow projection. If the projection indicates that the recorded amount of the long-lived asset is not expected to be recovered, the carrying value is reduced to estimated fair value. The cash flow projection and fair value represents management's best estimate, using appropriate and customary assumptions, projections and methodologies, at the date of evaluation. No impairment losses on long-lived assets were recognized during the years ended December 31, 2016, 2015 and 2014.

The Company tests its goodwill and indefinite-lived intangible assets for impairment annually, as of October 1, or more frequently if certain indicators arise. The Company performs its annual goodwill impairment assessment by developing a fair value estimate of the business enterprise as of October 1, 2016 using a discounted cash flows approach and comparing the fair value to the carrying value of the net assets of the individual reporting units as of October 1, or additionally if impairment indicators are present. The results of the Company's fair value estimate are then corroborated using a market-based approach. The result of the Company's annual goodwill impairment test at October 1, 2016 indicated no impairment. There were also no impairment charges recorded during the years ended December 31, 2015 and 2014.

Restricted Invested Assets

Restricted invested assets of $315,000 and $316,000 at December 31, 2016 and 2015, respectively, were related to a requirement under the operating lease agreement at the Company's Chesterfield, Missouri facility. In accordance with the provisions of the lease agreement, the Company has a deposit with the landlord that shall be held as security for performance under the Company's covenants and obligations within the agreement through January 2024.

Other Long-Term Assets

A summary of other long-term assets follows (in thousands):

	December 31,	
	2016	2015
Notes receivable	$ 716	$ 212
Deposits	4,196	2,475
Assets of SERP	1,725	1,606
Debt issuance costs	1,488	2,005
Insurance recoveries	6,835	3,976
Other	1,475	235
Total	$ 16,435	$ 10,509

Other Current Liabilities

A summary of other current liabilities follows (in thousands):

	December 31,	
	2016	2015
Interest payable	$ 19,206	$ 5,410
Current taxes payable	2,622	1,977
Insurance liabilities	6,625	5,476
Third-party settlements	179	5,222
Acquisition consideration payable	—	16,768
Amounts due to patients and payors	12,221	11,424
Tax receivable agreement liability	999	—
Contingent acquisition compensation liability	4,589	—
Other accrued expenses	22,552	22,133
Total	$ 68,993	$ 68,410

Other Long-Term Liabilities

A summary of other long-term liabilities follows (in thousands):

	December 31,	
	2016	2015
Facility lease obligations	$ 52,653	$ 53,927
Medical malpractice liability	10,453	6,339
Liability of SERP	1,725	1,608
Contingent consideration obligation	—	14,049
Unfavorable lease liability	1,671	1,996
Other long-term liabilities	9,764	7,694
Total	$ 76,266	$ 85,613

The Company has facility lease obligations in connection with the surgical hospital located in Idaho Falls, Idaho and with a radiation oncology building at this facility. The obligation is payable to the lessor of this facility for the land, building and improvements. The current portion of the lease obligation was $1.1 million and $797,000 at December 31, 2016 and 2015, respectively, and was included in other current liabilities in the consolidated balance sheets. The total of the facility lease obligations related to the surgical hospital and radiation oncology building in Idaho Falls, Idaho was $50.0 million and $50.8 million at December 31, 2016 and 2015, respectively.

Additionally, the Company has a facility lease obligation in connection with the surgical facility located in Ocala, Florida payable to the lessor of this facility for the building. The current portion of the liability was $182,000 and $169,000 at December 31, 2016 and 2015, respectively, and was included in other current liabilities in the consolidated balance sheets. The total of the facility lease obligations related to the building in Ocala, Florida was $3.7 million and $3.9 million at December 31, 2016 and 2015, respectively.

Equity-Based Compensation

Transactions in which the Company receives employee and non-employee services in exchange for the Company's equity instruments or liabilities that are based on the fair value of the Company's equity securities or may be settled by the issuance of these securities are accounted for using a fair value method. Prior to the Reorganization, on the grant date, the Company employed a market approach to estimate the fair value of equity-based awards based on various considerations and assumptions, including implied earnings multiples and other metrics of relevant market participants, the Company's operating results and forecasted cash flows and the Company's capital structure. Such estimates require the input of highly subjective, complex assumptions. However, such assumptions are no longer required to determine fair value of shares of the Company's common stock as its underlying shares began trading publicly during the fourth quarter of 2015. The Company applies the Black-Scholes-Merton method of valuation in determining share-based compensation expense for option awards.

The Company's policy is to recognize compensation expense using the straight line method over the relevant vesting period for units that vest based on time. Prior to the Reorganization, employees held membership units in Surgery Center Holdings, LLC, and the associated expense was referred to as unit-based compensation; following the Reorganization, such expense is referred to as equity-based compensation.

Earnings Per Share

Basic and diluted earnings per share are calculated in accordance with ASC 260, *Earnings Per Share*, based on the weighted-average number of shares outstanding in each period and dilutive stock options, unvested shares and warrants, to the extent such securities exist and have a dilutive effect on earnings per share.

Professional, General and Workers' Compensation Insurance

The Company maintains general liability and professional liability insurance in excess of self-insured retentions through third party commercial insurance carriers in amounts that management believes is sufficient for the Company's operations, although, potentially, some claims may exceed the scope of coverage in effect. The professional and general insurance coverage is on a claims-made basis. Workers' compensation insurance is on an occurrence basis.

The Company expenses the costs under the self-insured retention exposure for general and professional liability and workers compensation claims which relate to (i) claims made during the policy period, which are offset by insurance recoveries and (ii) an estimate of claims incurred but not yet reported that are expected to be reported after the policy period expires. Reserves and provisions are based upon actuarially determined estimates using individual case-basis valuations and actuarial analysis. Reserves for professional, general and workers' compensation claim liabilities are determined with no regard for expected insurance recoveries and are presented gross on the consolidated balance sheets. Total professional, general and workers' compensation claim liabilities as of December 31, 2016 and 2015 are $13.8 million and $9.5 million, respectively. The balance includes expected insurance recoveries of $9.3 million and $6.3 million as of December 31, 2016 and 2015, respectively.

Electronic Health Record Incentives

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in calendar year 2011 for eligible hospitals and professionals that implement and achieve meaningful use of certified Electronic Health Records ("EHR") technology. Several of the Company's surgical hospitals, which were acquired in connection with the acquisition of Symbion, have implemented plans to comply with the EHR meaningful use requirements of the Health Information Technology for Economic and Clinical Health Act ("HITECH") in time to qualify for the maximum available incentive payments.

Compliance with the meaningful use requirements has and will continue to result in significant costs including business process changes, professional services focused on successfully designing and implementing the Company's EHR solutions, along with costs associated with the hardware and software components of the project. The Company currently estimates that total costs incurred to comply will be recovered through the total EHR incentive payments over the projected life cycle of this initiative. The Company incurs both capital expenditures and operating expenses in connection with the implementation of its various EHR initiatives. The amount and timing of these expenditures do not directly correlate with the timing of the Company's cash receipts or recognition of the EHR incentives as other income. The Company expects to receive incentive payments and recognize corresponding revenue upon the completion of the EHR meaningful use requirements. The Company recorded incentive income of $408,000, $1.8 million and $3.4 million during the years ended December 31, 2016, 2015 and 2014, respectively.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. If a net operating loss carryforward exists, the Company makes a determination as to whether that net operating loss carryforward will be utilized in the future. A valuation allowance is established for certain net operating loss carryforwards when their recoverability is deemed to be uncertain. The carrying value of the net deferred tax assets assumes that the Company will be able to generate sufficient future taxable income in certain tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, the Company may be required to adjust its deferred tax valuation allowances.

The Company, or one or more of its subsidiaries, files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations for years prior to 2013 or state income tax examinations for years prior to 2012.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers*," which outlines a single comprehensive model for recognizing revenue and supersedes most existing revenue recognition guidance, including guidance specific to the healthcare industry. This ASU provides companies the option of applying a full or modified retrospective approach upon adoption. This ASU was originally set to be effective for fiscal years beginning after December 15, 2016, and early adaption was not permitted. In July 2015, the FASB deferred the effective date for the standard to be effective for fiscal years beginning after December 15, 2017. The FASB will now permit companies to early adapt within one year of the new effective date. The Company will adopt this ASU on January 1, 2018 and currently plans to adopt using the full retrospective method. The Company continues to assess the impact of this ASU on its consolidated financial position, results of operations, cash flows and financial disclosures but anticipates the most significant change will be how the estimate for the allowance for doubtful accounts will be recognized under the new standard.

In February 2015, the FASB issued ASU 2015-02 "*Amendments to the Consolidation Analysis*," which amends the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities. Under this analysis, limited partnerships and other similar entities will be considered a variable-interest entity unless the limited partners hold substantive kick-out rights or participating rights. The provisions of ASU 2015-02 are effective for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The Company adopted this ASU on January 1, 2016. The adoption of this ASU did not have a material impact on the Company's consolidated financial position, results of operations, cash flows and financial disclosures.

In April 2015, the FASB issued ASU 2015-03, "*Simplifying the Presentation of Debt Issuance Costs*," which simplifies the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted, and the new guidance should be applied retrospectively. The Company adopted this ASU on January 1, 2016 retrospectively for all periods presented. As a result of the adoption of this ASU, the Company reclassified approximately $2.2 million at December 31, 2015 from deferred loan costs to long-term debt. The adoption of this ASU did not have a material impact on the Company's consolidated financial position, results of operations, cash flows and financial disclosures.

In August 2015, the FASB issued ASU 2015-15, "*Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*" which clarifies the Securities and Exchange Commission ("SEC") staff's position on presenting and measuring debt issuance costs incurred in connection with line-of-credit arrangements given the lack of guidance on this topic in ASU 2015-03. The SEC staff has announced that it would "not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement." The Company adopted this ASU on January 1, 2016 retrospectively for all periods presented. The adoption of this ASU did not have a material impact on the Company's consolidated financial position, results of operations, cash flows and financial disclosures.

In September 2015, the FASB issued ASU 2015-16, "*Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments*" which eliminates the requirement for an acquirer to retrospectively adjust its financial statements for changes to provisional amounts that are identified during the measurement-period following the consummation of a business combination. Instead, ASU 2015-16 requires these types of adjustments to be made during the reporting period in which they are identified and would require additional disclosure or separate presentation of the portion of the adjustment that would have been recorded in the previously reported periods as if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 is effective prospectively for fiscal years beginning after December 15, 2015, including interim periods within those years. The Company adopted this ASU on January 1, 2016. The adoption of this ASU did not have a material impact on the Company's consolidated financial position, results of operations, cash flows and financial disclosures.

In February 2016, the FASB issued ASU 2016-02, "*Leases*," which will require, among other items, lessees to recognize most leases as assets and liabilities on the balance sheet. Qualitative and quantitative disclosures will be enhanced to better understand the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. The Company believes the primary effect of adopting the new standard will be to record right-of-use assets and obligations for current operating leases.

In March 2016, the FASB issued ASU 2016-07, "*Investments- Equity Method and Joint Ventures*," which allows investments that now meet equity method treatment that were previously accounted for under a different method to apply the equity method prospectively from the date the investment qualifies for equity method treatment. ASU 2016-07 is effective prospectively for fiscal years beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted. The Company is currently evaluating the impact this new guidance may have on the consolidated financial position, results of operations and cash flows.

In March 2016, the FASB issued ASU 2016-09, "*Improvements to Employee Share-Based Payment Accounting*," which simplifies the accounting for share-based payments including the income tax consequences, classification of certain awards and treatment of forfeitures. ASU 2016-09 is effective prospectively for fiscal years beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted. The Company early adopted this ASU during the first quarter of 2016. The adoption of this ASU did not have a material impact on the Company's consolidated financial position, results of operation, cash flows and financial disclosures.

In August 2016, the FASB issued ASU 2016-15, "*Classification of Certain Cash Receipts and Cash Payments*," which clarifies the classification of certain cash receipts and cash payments on the statement of cash flows. ASU 2016-15 is effective retrospectively for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted. The Company is currently evaluating the impact this new guidance may have on the consolidated cash flows.

In October 2016, the FASB issued ASU 2016-17, "*Interests Held through Related Parties That Are under Common Control*," which modifies existing guidance with respect to how a decision maker that holds an indirect interest in a VIE through a common control party determines whether it is the primary beneficiary of the VIE as part of the analysis of whether the VIE would need to be consolidated. Under the ASU, a decision maker would need to consider only its proportionate indirect interest in the VIE held through a common control party. Previous guidance had required the decision maker to treat the common control party's interest in the VIE as if the decision maker held the interest itself. As a result of the ASU, in certain cases, previous consolidation conclusions may change. ASU 2016-17 is effective prospectively for fiscal years beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted. The Company is currently evaluating the impact this new guidance may have on the consolidated financial position, results of operations and cash flows.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows: Restricted Cash*," which will require the reconciliation of restricted cash in the statement of cash flows. ASU 2016-18 is effective retrospectively for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted. The adoption of this ASU will not have a material impact on the Company's consolidated cash flows.

In January 2017, the FASB issued ASU 2017-01, "*Business Combinations – Clarifying the Definition of a Business*," which narrows the definition of a business when evaluating whether transactions should be accounted for as asset acquisition or business combination. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted. The Company is currently evaluating the impact this new guidance may have on the consolidated financial position, results of operations and cash flows.

In January 2017, the FASB issued ASU 2017-04, "*Simplifying the Test for Goodwill Impairment*," which eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on the current Step 1). ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within those years. Early adoption is permitted for annual and interim periods after January 1, 2017. The Company is currently evaluating the impact this new guidance may have on the consolidated financial position, results of operations and cash flows. The adoption of ASU 2017-04 would only impact the Company's financial statements in situations where an impairment of a reporting unit's assets is determined.

3. Acquisitions and Developments

The Company accounts for its business combinations in accordance with the fundamental requirements of the acquisition method of accounting and under the premise that an acquirer can be identified for each business combination. The acquirer is the entity that obtains control of one or more businesses in the business combination and the acquisition date is the date the acquirer achieves control. The assets acquired, liabilities assumed and any non-controlling interests in the acquired business at the acquisition date are recognized at their fair values as of that date, and the direct costs incurred in connection with the business combination are recorded and expensed separately from the business combination. Acquisitions in which the Company is able to exert significant influence but does not have control are accounted for using the equity method.

2016 Transactions

During the year ended December 31, 2016, the Company acquired a controlling interest in two surgical facilities and two anesthesia practices in new markets and a surgical facility in an existing market which was merged into an existing facility and an anesthesia practice in an existing market for an aggregate purchase price of $36.5 million. The Company additionally completed acquisitions in existing markets of an urgent care facility, nine physician practices and two integrated physician practices which includes three ASCs, a lab and a pharmacy for a combined purchase price of $114.7 million, including $16.6 million of contingent acquisition consideration. In addition, the Company purchased an additional 7.04% interest in its hospital in Idaho Falls, Idaho for $20.3 million. The transactions were funded through cash from operations, proceeds from the 2014 First Lien Credit Agreement and revolver proceeds.

The aggregate amounts preliminarily recognized as of the acquisition date for each major class of assets and liabilities assumed in the acquisitions closed during the year ended December 31, 2016 are as follows:

Cash consideration	$	135,061
Fair value of non-controlling interests		27,164
Aggregate fair value of acquisitions		162,225
Net assets acquired:		
Cash and cash equivalents		4,855
Accounts receivable		6,291
Other current assets		517
Property and equipment		3,921
Intangible assets		4,475
Long-term assets		56
Accounts payable and other current assets		(1,490)
Current maturities of long-term debt		(3,926)
Long-term deferred tax liability		(172)
Long-term liabilities		(197)
Net assets acquired		14,330
Excess of fair value over identifiable net assets acquired	$	147,895

The fair values assigned to certain assets and liabilities assumed by the Company have been estimated on a preliminary basis and are subject to change as new information emerges related to the facts and circumstances that were present at the date of acquisition.

In accordance with ASC 805, *Business Combinations*, contingent consideration with a continuing employment provision is recognized ratably over the defined performance period as compensation expense. As of December 31, 2016, the Company estimates it may have to pay $16.6 million in future contingent purchase compensation expense over the remaining performance periods. These payments will be made should the requirements for continuing employment agreed to in the respective acquisition agreements be met. The contingent acquisition compensation expense recognized for the year ended December 31, 2016 was $5.1 million and is included as a component of general and administrative expense (and parenthetically disclosed) in the results of the Company's operations.

Estimated contingent acquisition compensation expense subsequent to December 31, 2016 is as follows (in thousands):

2017		7,476
	2018	6,754
	2019	1,311
Total	$	15,541

2015 Transactions

Surgical Facility Acquisitions.

During the year ended December 31, 2015, the Company acquired a controlling interest in two surgical facilities located in new markets and three surgical facilities, four anesthesia practices and an urgent care facility in existing markets for an aggregate purchase price of $84.2 million. The Company consolidates these facilities for financial reporting purposes. These transactions were funded with a combination of cash from operations, facility ownership, and proceeds from the refinancing of the Company's credit facilities in connection with the Symbion acquisition.

Ancillary Services

During the year ended December 31, 2015, through its recruiting efforts and capital-efficient acquisitions, the Company completed thirteen in-market physician practice transactions through an aggregate investment of $40.4 million. These transactions added a total of 17 physicians to the Company's physician network and were funded with a combination of cash from operations and revolver proceeds.

Acquisition of Symbion

On June 13, 2014, the Company, through its wholly-owned subsidiary, SCH Acquisition Corp. ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Symbion Holdings Corporation ("Symbion"). Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into Symbion, with Symbion being the surviving corporation in the merger (the "Merger"). At the closing of the Merger, each share of common stock of Symbion, other than those held by Symbion or by the Company, Merger Sub or their subsidiaries and other than those shares with respect to which appraisal rights are properly exercised in accordance with the General Corporation Law of the State of Delaware, were converted into the right to receive a cash payment per share equal to (x) $792.0 million, subject to certain adjustments for Symbion's cash, debt, transaction expenses, working capital and other items at closing, plus the aggregate exercise price of all vested options, minus certain escrowed amounts relating to post-closing purchase price adjustment and indemnity obligations, divided by (y) the number of shares outstanding on a fully-diluted basis assuming full exercise of vested options and exercise of rights to receive shares upon the exchange of the 8.00% Senior PIK Exchangeable Notes due 2017 issued by Symbion (the "Merger Consideration"). In addition, each outstanding option to purchase shares of Symbion's common stock were cancelled, and the holders of vested options were paid an amount equal to the excess, if any, of the Merger Consideration over the per-share exercise price of such vested options.

The Company obtained financing commitments for the transactions contemplated by the Merger Agreement, the aggregate proceeds of which were sufficient for the Company to pay the aggregate Merger Consideration and all related fees and expenses.

The Company completed the Merger effective November 3, 2014. At closing, the Company paid approximately $300.1 million in cash, including $16.2 million funded to an escrow account, and assumed approximately $472.4 million of outstanding indebtedness of Symbion, plus related accrued and unpaid interest. On May 3, 2016, the Company paid $16.6 million to fully fund the required balance in the escrow account. The amounts funded were materially consistent with the amounts stated within the purchase agreement. Subsequent to this funding, the escrow balance was fully distributed to the prior owners of Symbion.

The Merger was financed through the issuance of $1.4 billion of Senior Secured Credit Facilities ("Facilities"), which includes an $870.0 million first lien term loan due November 3, 2020, a $490.0 million second lien term loan due November 3, 2021 and an $80.0 million revolving credit facility.

Fees associated with the Merger, which includes fees incurred related to the Company's debt financings, were approximately $93.3 million. Approximately $5.3 million was capitalized as deferred financing costs, $21.7 million related to legal and other transaction fees which were expensed as transaction costs, $42.9 million was recorded as a reduction of the carrying value of the Facilities and $23.4 million was recorded as debt extinguishment costs during the year ended December 31, 2014.

Acquired assets and assumed liabilities include, but are not limited to, fixed assets, intangible assets and professional liabilities. The valuations are based on appraisal reports, discounted cash flow analyses, actuarial analyses or other appropriate valuation techniques to determine the fair value of the assets acquired or liabilities assumed. A majority of the deferred income taxes recognized as a component of the Company's purchase price allocation is a result of the difference between the book and tax basis of the amortizable intangible assets recognized.

The purchase price amount related to the Merger has been allocated to the related assets acquired and liabilities assumed based upon their respective fair values as follows:

Cash consideration	$	298,857
Acquisition consideration payable		16,768
Fair value of non-controlling interests		395,663
Fair value of Symbion		711,288
Net assets acquired:		
Cash		40,374
Accounts receivable, net		79,830
Inventories		18,389
Prepaid expenses and other current assets		9,876
Property and equipment		153,179
Investments in and advances to affiliates		32,728
Intangible assets		31,534
Restricted invested assets		316
Other long-term assets		6,239
Accounts payable		(20,419)
Accrued payroll and benefits		(14,600)
Other current liabilities		(47,229)
Current maturities of long-term debt		(83,805)
Long-term debt, less current maturities		(376,395)
Long-term deferred tax liabilities		(19,853)
Other long-term liabilities		(60,500)
Net assets acquired		(250,336)
Excess of fair value over identifiable net assets acquired	$	961,624

The entire amount of goodwill acquired in connection with the Merger was allocated to the Company's surgical facility services operating segment. The total amount of the goodwill related to the acquisition of Symbion that will be deductible for tax purposes is $142.5 million.

Fair value attributable to non-controlling interests was based on a Level 3 computation using significant inputs that are not observable in the market. Key inputs used to determine the fair value include financial multiples used in the purchase of non-controlling interests, primarily from acquisitions of surgical facilities. Such multiples, based on earnings, are used as a benchmark for the discount to be applied for the lack of control or marketability. Fair value attributable to the property and equipment acquired was based on Level 3 computations using key inputs such as cost trend data and comparable asset sales. Fair value attributable to the intangible assets acquired was based on Level 3 computations using key inputs such as the Company's internally-prepared financial projections. Fair values assigned to acquired working capital were based on carrying amounts reported by Symbion at the date of acquisition, which approximate their fair values.

The unaudited consolidated pro forma results for years ended ended December 31, 2014 and 2013, assuming the Symbion acquisition had been consummated on January 1, 2013, are as follows (in thousands):

	Year Ended December 31,	
	2014	2013
Net revenues	$ 873,683	$ 820,186
Net income	31,557	42,714
Less: net income attributable to non-controlling interests	(68,973)	(64,396)
Net loss attributable to Surgery Partners, Inc.	$ (37,416)	$ (21,682)

These pro forma amounts for the year ended December 31, 2014, exclude expenses related to the Merger transaction of $21.7 million and the loss on debt extinguishment of $23.4 million. In addition, the year ended December 31, 2013 excludes $9.9 million of expense related to loss on debt extinguishment.

Other 2014 Transactions

Throughout 2014, the Company acquired three physician practices for an aggregate purchase price of $1.6 million. These transactions were funded with cash from continuing operations.

4. Divestitures

2016 Transactions

During the year ended December 31, 2016, the Company sold its interest in one surgical facility and received aggregate proceeds of $765,000 resulting in a pre-tax gain of approximately $763,000 in the consolidated statements of operations.

2015 Transactions

During the year ended December 31, 2015, the Company sold its interest in three surgical facilities and received aggregate proceeds of $10.9 million resulting in a pre-tax gain of approximately $2.9 million in the consolidated statements of operations.

5. Property and Equipment

A summary of property and equipment follows (in thousands):

	December 31,	
	2016	2015
Land	$ 8,082	$ 6,790
Buildings and improvements	118,172	104,971
Furniture and equipment	14,670	14,520
Computer and software	29,902	24,597
Medical equipment	117,418	96,291
Construction in progress	2,396	7,619
Property and equipment, at cost	290,640	254,788
Less: Accumulated depreciation	(86,387)	(70,238)
Property and equipment, net	$ 204,253	$ 184,550

The carrying values of assets under capital lease were $15.4 million and $12.3 million as of December 31, 2016 and 2015, respectively, which included accumulated depreciation of $11.6 million and $10.5 million, respectively.

6. Goodwill and Intangible Assets

A summary of activity related to goodwill for the year ended December 31, 2016 follows (in thousands):

Balance at December 31, 2014	$ 1,298,753
Acquisitions	113,812
Divestitures	(8,399)
Purchase price adjustments	3,761
Balance at December 31, 2015	$ 1,407,927
Acquisitions	147,895
Divestitures	(552)
Purchase price adjustments	(66)
Balance at December 31, 2016	$ 1,555,204

Additions to goodwill include new acquisitions and incremental ownership acquired in the Company's subsidiaries. A summary of the Company's acquisitions for the years ended December 31, 2016 and 2015 is included in Note 3, Acquisitions and Developments.

The Company tests its goodwill and indefinite-lived intangible assets for impairment annually, as of October 1, or more frequently if certain indicators arise. The Company reviews goodwill at the reporting unit level, which is defined as one level below an operating segment. The Company has determined that it has five reporting units, which include the following: 1) Surgical Facilities 2) Ancillary Services, 3) Midwest Labs, 4) The Alliance, including Optical Synergies and 5) Family Vision Care. When reviewing goodwill, the Company compares the carrying value of the net assets of the reporting unit to the estimated fair value of the reporting unit. If the carrying value exceeds the net present value of the estimated discounted future cash flows, an impairment indicator exists and an estimate of the possible impairment loss is calculated. The fair value calculation includes multiple assumptions and estimates, including the projected cash flows and discount rates applied.

The Company performed its annual goodwill impairment assessment by developing a fair value estimate of the business enterprise as of October 1, 2016 using a discounted cash flows approach. The results of the Company's fair value estimate were corroborated using a market-based approach. The result of the Company's annual goodwill impairment test at October 1, 2016 indicated no impairment. There were also no impairment charges recorded during the years ended December 31, 2015 and 2014.

A summary of the activity related to intangible assets as of December 31, 2016 follows (in thousands):

	Physician Income Guarantees	Management Rights	Non-Compete Agreements	Certificates of Need	Customer Relationships	Other	Total Intangible Assets
Balance at December 31, 2014	$ 973	$ 24,757	$ 16,590	$ 3,711	$ 6,274	$ 2,583	$ 54,888
Additions	1,052	—	7,532	—	—	—	8,584
Recruitment expense	(813)	—	—	—	—	—	(813)
Amortization	—	(1,731)	(5,551)	—	(1,338)	(471)	(9,091)
Balance at December 31, 2015	$ 1,212	$ 23,026	$ 18,571	$ 3,711	$ 4,936	$ 2,112	$ 53,568
Additions	210	—	4,025	69	—	450	4,754
Disposals	—	—	—	—	(22)	(113)	(135)
Recruitment expense	(609)	—	—	—	—	—	(609)
Amortization	—	(1,736)	(6,139)	—	(1,210)	(470)	(9,555)
Balance at December 31, 2016	$ 813	$ 21,290	$ 16,457	$ 3,780	$ 3,704	$ 1,979	$ 48,023

During the years ended December 31, 2016, 2015 and 2014, the Company had amortization expense of $9.6 million, $9.1 million and $5.2 million, respectively.

A summary of the scheduled amortization related to the Company's finite-lived intangible assets as of December 31, 2016 follows (in thousands):

	Amortization of Finite-Lived Intangible Assets
2016	$ 9,042
2017	6,923
2018	6,393
2019	4,023
2020	2,960
Thereafter	14,660
Total	$ 44,001

7. Long-Term Debt

A summary of long-term debt follows (in thousands):

	December 31,	
	2016	2015
2014 Revolver Loan	$ 85,000	$ 125,250
2014 First Lien Term Loans	932,000	861,300
2014 Second Lien Credit Agreement	—	246,500
Senior Unsecured Notes	400,000	—
Subordinated Notes	1,000	1,000
Notes payable and secured loans	42,521	40,615
Capital lease obligations	13,996	11,316
Less: Unamortized debt issuance costs and discounts	(32,274)	(30,622)
Total debt	1,442,243	1,255,359
Less: Current maturities	27,822	27,247
Total long-term debt	$ 1,414,421	$ 1,228,112

2014 Revolver Loan

The proceeds of the 2014 Revolver Loan ("Revolver") may be used for working capital, acquisitions and development activities and general corporate purposes in an aggregate principal amount at any time outstanding not to exceed $150.0 million and matures on November 3, 2019. On October 7, 2015, the Company entered into an amendment to the 2014 First Lien Credit Agreement to increase certain lenders' commitments under the Revolver from $80.0 million to an aggregate principal amount at any time outstanding not to exceed $150.0 million.

The Company has the option of classifying borrowings under the Revolver as either Alternate Base Rate ("ABR") loans or Eurodollar ("ED") loans. The interest base rate on an ABR loan is equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% and (c) the adjusted LIBO Rate for a Eurodollar Borrowing with a one-month interest period plus 1.00%. In addition to the base rate, the Company is required to pay a 3.25% margin for ABR loans. The interest base rate on an ED loan is equal to (x) the LIBO Rate for such Eurodollar borrowing in effect for such Interest Period divided by (y) One minus the Statutory Reserves (if any) for such Eurodollar Borrowing for such interest period. In addition to the base rate, the Company is required to pay a 4.25% margin for ED loans.

The Company paid $2.3 million in connection with obtaining the Revolver and recorded this amount as debt issuance costs, which is presented as other assets, net of accumulated amortization of approximately $985,000 and $530,000, in the accompanying consolidated balance sheets as of December 31, 2016 and 2015, respectively.

The Company must also pay quarterly commitment fees of 0.50% per annum of the average daily unused amount of the Revolver. As of December 31, 2016, the Company's availability on the Revolver was $61.9 million (including outstanding letters of credit of $3.1 million).

The credit agreement that governs the Revolver contains various covenants that include limitations on the Company's indebtedness, liens, acquisitions and investments. It additionally includes the requirement that the Company maintain a net leverage ratio within a specified range. At December 31, 2016, the Company was in compliance with the covenants contained in the credit agreement.

2014 First Lien Credit Agreement

The 2014 First Lien Term Loans ("2014 First Lien") is a senior secured obligation of Surgery Center Holdings, Inc. and is guaranteed on a senior secured basis by the Company and certain of its subsidiaries. The 2014 First Lien matures on November 3, 2020. On March 24, 2016, Surgery Center Holdings, Inc. and certain subsidiaries of the Company entered into an amendment to the 2014 First Lien to obtain an incremental senior secured term loan in an aggregate principal amount of $80.0 million, which increased the total term loan obligation under the 2014 First Lien to $950.0 million. The Company used the proceeds of the incremental term loan to fund certain proposed acquisitions and for other corporate purposes. On September 26, 2016, the Company entered into an amendment to the 2014 First Lien to reduce the interest margins for an ABR loan to 2.75% and for an ED loan to 3.75%.

The Company has the option of classifying the 2014 First Lien as either an ABR loan or an ED loan. The interest base rate on an ABR loan is equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, and (c) the Adjusted LIBO Rate for a Eurodollar Borrowing with a one-month interest period plus 1.00%; provided that the base rate shall not be less than 2.00% per annum. In addition to the base rate, the Company is required to pay a 2.75% margin for ABR loans. The interest base rate on an ED loan is equal to (x) the LIBO Rate for such Eurodollar borrowing in effect for such Interest Period divided by (y) One minus the Statutory Reserves (if any) for such Eurodollar Borrowing for such interest period; provided that the rate shall not be less than 1.00% per annum. In addition to the base rate, the Company is required to pay a 3.75% margin for ED loans. Accrued interest is payable in arrears on a quarterly basis. Within five business days after the earlier of (i) 90 days after the end of each fiscal year or (ii) the date on which financial statements have been delivered, the Company is required to make mandatory prepayments in amounts calculated in accordance with the excess cash flow provisions of the 2014 First Lien Credit Agreement. There were no excess cash flow payments required as of December 31, 2016.

The credit agreement that governs the 2014 First Lien contains various covenants that include limitations on the Company's indebtedness, liens, acquisitions and investments. At December 31, 2016, the Company was in compliance with the covenants contained in the credit agreement. The 2014 First Lien is collateralized by substantially all of the assets of the Company.

2014 Second Lien Credit Agreement

The 2014 Second Lien Credit Agreement ("2014 Second Lien"), entered into on November 3, 2014, was prepaid in full on March 31, 2016 as described below. The 2014 Second Lien was a senior secured obligation of Surgery Center Holdings, Inc. and was guaranteed on a senior secured basis by the Company and certain of its subsidiaries.

On October 6, 2015, we prepaid $243.5 million in principal, net of the write-off of discounts and issuance costs totaling $8.3 million, and $65,000 of accrued interest on the 2014 Second Lien. Further, we incurred a prepayment penalty of 3% of the aggregate principal amount or $7.3 million. The write-off of the discounts and issuance costs, the prepayment penalty as well as certain other costs are presented as a loss on debt extinguishment of $16.1 million in the accompanying consolidated statement of operations as of December 31, 2015. On March 31, 2016, the Company repaid the remaining principal of the 2014 Second Lien of $252.8 million with the proceeds of the issuance of the Senior Unsecured Notes, defined below, of which $1.3 million was accrued interest. In connection with the prepayment, the Company incurred a loss on debt refinancing of $8.3 million which included the write-off of loan costs and the original issue discount and a prepayment penalty.

Senior Unsecured Notes

Effective March 31, 2016, one of the Company's subsidiaries, Surgery Center Holdings, Inc., issued $400.0 million in gross proceeds of senior unsecured notes due April 15, 2021 (the "Senior Unsecured Notes"). The Senior Unsecured Notes bear interest at the rate of 8.875% per year, payable semi-annually on April 15 and October 15 of each year. The Senior Unsecured Notes are a senior unsecured obligation of Surgery Center Holdings, Inc. and are guaranteed on a senior unsecured basis by each of Surgery Center Holdings, Inc.'s existing and future domestic wholly owned restricted subsidiaries that guarantees the Revolver and the 2014 First Lien.

The Company may redeem up to 35% of the aggregate principal amount of the Senior Unsecured Notes, at any time before April 15, 2018, with the net cash proceeds of certain equity offerings at a redemption price equal to 108.875% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption, provided that at least 50% of the aggregate principal amount of the Senior Unsecured Notes remain outstanding immediately after the occurrence of such redemption and such redemption occurs within 180 days of the date of the closing of any such qualified equity offering.

The Company may redeem the Senior Unsecured Notes, in whole or in part, at any time prior to April 15, 2018 at a price equal to 100.000% of the principal amount of the notes redeemed plus an applicable make-whole premium, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. The Company may redeem the Senior Unsecured Notes, in whole or in part, at any time on or after April 15, 2018, plus accrued and unpaid interest, if any, to the date of redemption plus a redemption price equal to a percentage of the principal amount of the notes redeemed based on the following redemption schedule:

April 15, 2018 to April 14, 2019	106.656%
April 15, 2019 to April 14, 2020	104.438%
April 15, 2020 and thereafter	100.000%

If one of the Company's subsidiaries, Surgery Center Holdings, Inc., experiences a change in control under certain circumstances, it must offer to purchase the notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to, but excluding, the date of repurchase.

The Senior Unsecured Notes contain customary affirmative and negative covenants, which among other things, limit the Company's ability to incur additional debt, pay dividends, create or assume liens, effect transactions with its affiliates, guarantee payment of certain debt securities, sell assets, merge, consolidate, enter into acquisitions and effect sale and leaseback transactions.

In connection with the offering of the Senior Unsecured Notes, the Company recorded debt issuance costs of $8.4 million.

Other Debt Transactions

On January 27, 2014, the Company obtained $90.0 million in additional borrowings on the Credit Facilities to return capital to shareholders. The Company recorded $1.4 million and $2.9 million as a reduction of the carrying value of the additional borrowings as original issue discount and amounts paid to lender for debt related issuance costs, respectively, which are accreted to interest expense over the term of the loan. During the year ended December 31, 2014, approximately $380,000 was accreted to interest expense. The $90.0 million in additional borrowings, including the related debt issuance costs, were included in the extinguishment of debt that was financed with the proceeds of the Facilities obtained in connection with the acquisition of Symbion on November 3, 2014.

Subordinated Notes

Effective April 11, 2013, the Company amended and reduced the size of its subordinated debt facility ("Subordinated Notes") to $1.0 million from $53.8 million. Through a separate transaction in April 2013, H.I.G. Surgery Centers, LLC, an affiliate of the Company, purchased the Subordinated Notes from an independent third party. At December 31, 2016 and 2015, the debt is payable to H.I.G. Surgery Centers, LLC. and mature on August 4, 2017. Effective January 1, 2014, the Subordinated Notes bear interest of 17.00% per annum.

Notes Payable and Secured Loans

Certain of the Company's subsidiaries have outstanding bank indebtedness, which is collateralized by the real estate and equipment owned by the surgical facilities to which the loans were made. The various bank indebtedness agreements contain covenants to maintain certain financial ratios and also restrict encumbrance of assets, creation of indebtedness, investing activities and payment of distributions. At December 31, 2016, the Company was in compliance with its covenants contained in the credit agreement. The Company and its subsidiaries had notes payable to financial institutions of $42.5 million and $40.6 million as of December 31, 2016 and 2015, respectively.

Capital Lease Obligations

The Company is liable to various vendors for several equipment leases classified as capital leases. The carrying value of the leased assets was $15.4 million and $12.3 million as of December 31, 2016 and 2015, respectively.

Maturities

A summary of the scheduled maturities of our debt obligations as of December 31, 2016 follows (in thousands):

	Capital Lease Obligations	Other Long-Term Debt	Total
2017	$ 4,860	$ 22,963	$ 27,823
2018	3,952	22,076	26,028
2019	2,960	100,911	103,871
2020	1,535	908,458	909,993
2021	633	402,219	402,852
Thereafter	56	3,894	3,950
Total debt	$ 13,996	$ 1,460,521	$ 1,474,517

8. Operating Leases

The Company leases office space and equipment for its surgical facilities, including surgical facilities under development. The lease agreements generally require the lessee, or the Company, to pay all maintenance, property taxes, utilities and insurance costs. The Company accounts for operating lease obligations and sublease income on a straight-line basis. Contingent obligations of the Company, as defined by each lease agreement, are recognized when specific contractual measures have been met, typically the result of an increase in

the Consumer Price Index. Lease obligations paid in advance are recorded as prepaid rent and included in prepaid expenses and other current assets on the consolidated balance sheets. The difference between actual lease payments and straight-line lease expense over the initial lease term, excluding optional renewal periods, is recorded as deferred rent and included in other current liabilities and other long-term liabilities on the consolidated balance sheets. As part of the Merger, the Company ceased use of four of their operating leases and accrued a liability of $4.6 million, net of discounting and sublease income during 2015. The Company expensed this through merger transaction and integration costs, as the leases related to offices shut down in connection with the Merger.

The future minimum lease payments under non-cancellable operating leases, net of sub-lease income, follows (in thousands):

2017	$ 46,517
2018	42,917
2019	39,181
2020	34,415
2021	28,728
Thereafter	143,558
Total minimum operating lease payments	$ 335,316

Total operating lease expense was $47.3 million, $40.1 million and $18.8 million for the years ended December 31, 2016, 2015 and 2014, respectively. Included in these amounts, the Company incurred lease expense of $14.4 million, $12.9 million and $6.9 million for years ended December 31, 2016, 2015 and 2014, respectively, under operating lease agreements with physician investors who are related parties.

The Company has various sub-lease arrangements and the future minimum lease payments to be received under these non-cancellable arrangements are as follows (in thousands):

2017	$ 1,101
2018	1,137
2019	658
2020	468
2021	312
Thereafter	1,919
Total non-cancellable sub-lease income	$ 5,595

9. Earnings Per Share

The following is a reconciliation of the numerator and denominator of basic and diluted earnings per share for the years ended December 31, 2016, 2015 and 2014 (in thousands except share and per share amounts):

	Year Ended December 31,		
	2016	2015	2014
Numerator:			
Net income (loss) attributable to Surgery Partners, Inc.	$ 9,453	$ 1,429	$ (65,897)
Denominator:			
Weighted average shares outstanding- basic [1]	48,018,944	36,066,233	32,295,364
Effect of dilutive securities [2]	171,794	1,398,154	—
Weighted average shares outstanding- diluted	48,190,738	37,464,387	32,295,364
Earnings (loss) per share:			
Basic earnings (loss) per share	$ 0.20	$ 0.04	$ (2.04)
Diluted earnings (loss) per share [2]	$ 0.20	$ 0.04	$ (2.04)
Securities outstanding not included in the computation of diluted loss per share as their effect is antidilutive:			
Stock options	—	—	—
Restricted shares	—	—	1,386,805

(1) Effect of the Reorganization has been retrospectively applied to all periods presented.
(2) The impact of potentially dilutive securities for the year ended December 31, 2014 was not considered because the effect would be anti-dilutive in each of those periods.

10. Income Taxes and Tax Receivable Agreement

As part of the Reorganization that was effective September 30, 2015, the Company entered into a Tax Receivable Agreement ("TRA") under which generally the Company will be required to pay to its stockholders as of immediately prior to the IPO 85% of the cash savings, if any, in U.S. federal, state or local tax that the Company actually realizes (or is deemed to realize in certain circumstances) as a result of (i) certain tax attributes, including NOLs, capital losses, charitable deductions, alternative minimum tax credit carryforwards and federal and state tax credits of Surgery Partners, Inc. and its affiliates relating to taxable years ending on or before the date of the Reorganization (calculated by assuming the taxable year of the relevant entity closes on the date of the Reorganization) that are or become available to the Company and its wholly-owned subsidiaries as a result of the Reorganization, and (ii) tax benefits attributable to payments made under the TRA, together with interest accrued at a rate of LIBOR plus 300 basis points from the date the applicable tax return is due (without extension) until paid. The Company expects the payments it will be required to make under the TRA will be substantial.

The amounts payable under the TRA will vary depending upon a number of factors, including the amount, character and timing of the taxable income of Surgery Partners, Inc. in the future. The Company estimates the total amounts payable to be approximately $123.3 million, if the tax benefits of related deferred tax assets are ultimately realized. Of the total amount payable, the Company expects to pay approximately $1.0 million of the liability during the year ending December 31, 2017.

The Company and its subsidiaries file a consolidated federal income tax return. The partnerships, limited liability companies, and certain non-consolidated physician practice corporations file separate income tax returns. The Company's allocable portion of each partnership's and limited liability company's income or loss is included in taxable income of the Company. The remaining income or loss of each partnership and limited liability company is allocated to the other owners.

The Company, or one or more of its subsidiaries, files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations for years prior to 2013 or state income tax examinations for years prior to 2012.

The Company made income tax payments of $661,000, $1.1 million and $676,000 for the years ended December 31, 2016, 2015 and 2014, respectively.

Income tax expense (benefit) is comprised of the following (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Current:			
Federal	$ (31)	$ —	$ —
State	244	909	1,669
Deferred:			
Federal	7,326	(132,311)	13,235
State	(444)	(17,588)	854
Total income tax expense (benefit)	$ 7,095	$ (148,982)	$ 15,758

A reconciliation of the provision for income taxes as reported in the consolidated statements of operations and the amount of income tax expense (benefit) computed by multiplying consolidated income (loss) in each year by the U.S. federal statutory rate of 35% follows (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Tax expense (benefit) at U.S.federal statutory rate	$ 32,263	$ (26,648)	$ (3,840)
State income tax, net of U.S. federal tax benefit	(86)	1,059	1,402
Change in valuation allowance	354	(137,721)	29,336
Expiration of carryforwards and stock option forfeitures	—	—	1,286
Net income attributable to non-controlling interests	(26,470)	(24,996)	(13,207)
Changes in measurement of uncertain tax positions	(262)	(10)	589
Stock option compensation	(200)	—	—
Nondeductible transaction costs	—	3,442	4,230
Tax return reconciling differences	1,635	(1,574)	(4,419)
Change in effective tax rate	—	(2,143)	—
TRA liability	(327)	39,428	—
Other	188	181	381
Total income tax expense (benefit)	$ 7,095	$ (148,982)	$ 15,758

The components of temporary differences and the approximate tax effects that give rise to the Company's net deferred tax asset are as follows (in thousands):

	December 31,	
	2016	2015
Deferred tax assets:		
Medical malpractice liability	$ 4,194	$ 869
Accrued vacation and incentive compensation	1,112	2,212
Net operating loss carryforwards	158,796	146,663
Allowance for bad debts	8,343	1,846
Capital loss carryforwards	2,785	2,052
Deferred rent	1,371	2,288
Depreciation on property and equipment	530	—
Deferred financing costs	—	3,083
TRA liability	4,542	2,750
Other deferred assets	4,879	3,286
Total gross deferred tax assets	186,552	165,049
Less: Valuation allowance	(7,358)	(6,949)
Total deferred tax assets	179,194	158,100
Deferred tax liabilities:		
Deferred financing costs	(8,797)	—
Depreciation on property and equipment	—	(806)
Amortization of intangible assets	(15,241)	(16,083)
Basis differences of partnerships and joint ventures	(68,160)	(46,494)
Other deferred liabilities	(3,203)	(612)
Total deferred tax liabilities	(95,401)	(63,995)
Net deferred tax assets	$ 83,793	$ 94,105

The Company had federal net operating loss carryforwards of $390.6 million as of December 31, 2016, which expire between 2025 and 2036 and state net operating loss carryforwards of $542.7 million as of December 31, 2016, which expire between 2017 and 2036. The Company had capital loss carryforwards of $7.4 million as of December 31, 2816, which expire between 2018 and 2021. The Company had federal and state credit carryforwards of $714,000 as of December 31, 2016. The federal credits do not expire, and the state credits expire between 2017 and 2028.

The Company has recorded a valuation allowance against deferred tax assets at December 31, 2016 and 2015 totaling $7.4 million and $6.9 million, respectively, which represents an increase of $500,800. The valuation allowance continues to be provided for certain deferred tax assets for which the Company believes it is more likely than not that the tax benefits will not be realized, which are primarily certain state net operating losses and capital loss carryforwards.

Included in the increase in the valuation allowance for the year ended December 31, 2016 was an increase of approximately $336,000 that was recorded to additional-paid-in-capital as the result of the tax effect of the disposals of shares of noncontrolling interests. Approximately $2.4 million of the valuation allowance as of December 31, 2016 is recorded against deferred tax assets that, if subsequently recognized, will be credited directly to contributed capital.

A reconciliation of the beginning and ending liability for gross unrecognized tax benefits for the years ended December 31, 2016 and 2015 is as follows (in thousands):

	Year Ended December 31,	
	2016	2015
Unrecognized tax benefits at beginning of year	$ 1,403	$ 2,755
Additions for tax positions of prior years	60	136
Reductions for tax positions of prior year	(398)	(996)
Settlements	(4)	(492)
Unrecognized tax benefits at end of year	$ 1,061	$ 1,403

The Company recognizes interest and penalties related to uncertain tax positions in its provision for income taxes in the consolidated statements of operations. For the years ended December 31, 2016 and 2015, the Company had approximately $163,000 and $322,000, respectively, of accrued interest and penalties related to uncertain tax positions. The total amount of accrued liabilities related to uncertain tax positions that would affect the Company's effective tax rate, if recognized, is $309,000 as of December 31, 2016. The reserves are included in long-term taxes payable and long-term deferred tax assets in the consolidated balance sheet as of December 31, 2016.

11. Equity-Based Compensation

Prior to the Reorganization, the Surgery Center Holdings, LLC's ("Holdings LLC") Amended and Restated Limited Liability Company Agreement, dated December 24, 2009, provided, from time to time, as approved by the Holdings LLC's Board, for the issuance of a subordinate class of the Holdings LLC's nonvoting membership units to certain key persons, as defined, of the Company or its subsidiaries.

In April 2013, the Company modified the terms of the 2010 awards to allow for additional vesting in 2013 of its share-based awards with time-vesting conditions. In November 2014, the Holdings LLC issued to certain executives of Symbion who became employees of the Company following the Company's acquisition of Symbion an additional 1,300,000 unvested B-Units, which are subject to vesting conditions to occur through November 2019.

Prior to the Reorganization, in the event of employee termination, the B-Units were subject to a 90-day repurchase option. Upon termination, all unvested B-Units were effectively forfeited. If the employee was terminated for cause, as defined, or resigned prior to the expiration of certain tenure periods specified in such employee's agreement, the repurchase price for each vested B-Unit was zero, and was deemed automatically repurchased by the Company. The repurchase price for vested B-Units, should the Company elect to exercise the repurchase option, was at fair market value, as defined. If the Company did not exercise the repurchase option, the employee owned the vested B-Units pursuant to the Holdings LLC's LLC Agreement, which included restrictions on transfer, among other provisions. The fair value of each Holdings LLC issued B-Unit was estimated on the date of grant.

In September 2015, the Company adopted the Surgery Partners, Inc. 2015 Omnibus Incentive Plan ("2015 Omnibus Incentive Plan") from which all equity-based awards will be granted. Under this plan, the Company can grant stock options, SARs, restricted stock, unrestricted stock, stock units, performance awards, cash awards and other awards convertible into or otherwise based on shares of its common stock. As of December 31, 2016, 4,815,700 shares were authorized to be granted under the 2015 Omnibus Incentive Plan and 4,311,816 were available for future equity grants.

Equity Valuation

In applying the Black-Scholes-Merton option pricing model, the Company used the following assumptions:

- *Risk-free interest rate.* The risk-free interest rate is used as a component of the fair value of stock options to take into account the time value of money. For the risk-free interest rate, the Company uses the implied yield on United States Treasury zero-coupon issues with a remaining term equal to the expected life, in years, of the options granted.

- *Expected volatility.* Volatility, for the purpose of share-based compensation, is a measurement of the amount that a share price has fluctuated. Expected volatility involves reviewing historical volatility and determining what, if any, change the share price will have in the future. The Company used historical stock price information of certain peer group companies for a period of time equal to the expected option life period to determine estimated volatility.

- *Expected life, in years.* A clear distinction is made between the expected life of an option and the contractual term of the option. The expected life of an option is considered the amount of time, in years, that an option is expected to be outstanding before it is exercised. Whereas, the contractual term of the stock option is the term an option is valid before it expires.

- *Expected dividend yield.* Since issuing dividends will affect the fair value of a stock option, GAAP requires companies to estimate future dividend yields or payments. The Company has not historically issued dividends and does not intend to issue dividends in the future. As a result, the Company does not apply a dividend yield component to its valuation.

The following table sets forth the assumptions used by the Company to estimate the fair value of options granted under the 2015 Omnibus Incentive Plan:

Expected volatility	29% - 43%
Risk-free interest rate	0.54% - 1.36%
Expected dividends	—
Average expected term (years)	2.56
Fair value of stock options granted	$2.64 - $5.74

The estimated fair value of options is amortized to expense on a straight-line basis over the options' vesting period.

Stock Option Activity

A summary of stock option activity during the year ended December 31, 2016 is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Outstanding at December 31, 2014	—		
Granted	8,448	$ 20.03	3.0
Exercised	—		
Forfeited	—		
Outstanding at December 31, 2015	8,488	$ 20.03	3.0
Granted	7,779	17.99	1.6
Exercised	—		
Forfeited	—		
Outstanding at December 31, 2016 [1]	16,267	$ 19.05	1.8

[1] Of the outstanding options, 2,829 were exercisable as of December 31, 2016.

Restricted Share Activity

All units and per unit amounts in these consolidated financial statements and notes to the consolidated financial statements reflect the Reorganization that occurred in September 2015 (see Note 1). A summary of issued restricted stock activity for the years ended December 31, 2016, 2015, and 2014 follows:

	Total Shares	Vested Shares	Unvested Shares	Weighted-Average Grant Fair Value
Outstanding at January 1, 2014	3,234,664	1,788,780	1,445,884	$0.81
Granted	583,404	—	583,404	6.44
Forfeited/Terminated	(127,582)	—	(127,582)	1.27
Purchased	(803,336)	(803,336)	—	3.64
Vested	—	659,641	(659,641)	1.43
Outstanding at December 31, 2014	2,887,150	1,645,085	1,242,065	$1.96
Granted	569,114	—	569,114	6.31
Forfeited/Terminated	—	—	—	—
Purchased	(11,742)	(11,742)	—	6.31
Vested	—	1,643,525	(1,643,525)	3.79
Outstanding at December 31, 2015	3,444,522	3,276,868	167,654	$2.53
Granted	384,629	—	384,629	15.09
Forfeited/Terminated	(53,003)	—	(53,003)	11.85
Purchased	—	—	—	—
Vested	—	37,038	(37,038)	6.31
Outstanding at December 31, 2016	3,776,148	3,313,906	462,242	$3.72

At December 31, 2016, unrecognized compensation cost related to unvested shares was approximately $4.7 million. Unrecognized compensation cost will be expensed annually based on the number of shares that vest during the year.

Employees forfeited 53,000, zero and 128,000 unvested shares as of December 31, 2016, 2015 and 2014, respectively, related to their termination.

The Company recorded compensation expense of $2.0 million, $7.5 million, and $942,000 to recognize the fair value of the restricted shares that vested and stock options granted through December 31, 2016, 2015, and 2014, respectively. In connection with the IPO, 1,632,626 restricted shares immediately vested which resulted in accelerated vesting of $6.2 million which is included within the $7.5 million of equity-based compensation expense for the year ended December 31, 2015.

12. Employee Benefit Plans

Surgery Partners 401(k) Plan

The Surgery Partners 401(k) Plan is a defined contribution plan whereby certain employees who have completed at least one month of service, including at least one hour of service during that period of time, are eligible to participate. Employees may enroll in the plan immediately upon completion of the minimum service requirement. The Surgery Partners 401(k) Plan allows eligible employees to make contributions of varying percentages or flat dollar amounts of their annual compensation, up to the maximum allowable amounts by the Internal Revenue Service ("IRS"). Eligible employees may or may not receive a match by the Company of their contributions. Employee salary deferrals exceeding six percent of annual compensation are ineligible for a Company matching contribution. Employer contributions vest 20% after one year of service and continue vesting at 20% per year until fully vested.

The Company's matching contribution expense for both the Surgery Partners 401(k) Plan and the Symbion, Inc. 401(k) Plan for the years ended December 31, 2016, 2015 and 2014 was $5.1 million, $2.2 million and $754,000, respectively.

Supplemental Executive Retirement Savings Plan

In connection with the Symbion acquisition, the Company acquired and continues to maintain a supplemental executive retirement savings plan (the "SERP") for certain former Symbion executives. The SERP provides supplemental retirement savings alternatives to eligible officers and key employees of the Company by allowing participants to defer portions of their compensation. Under the SERP, eligible employees may enroll in the plan before December 31 to be entered in the plan the following year. Eligible employees may defer into the SERP up to 25% of their normal period payroll and up to 50% of their annual bonus. If the enrolled employee contributes a minimum of 2% of his or her

base salary into the SERP, the Company will contribute 2% of the enrolled employee's base salary to the plan and has the option of contributing additional amounts. Periodically, the enrolled employee's deferred amounts are transferred to a plan administrator. The plan administrator maintains separate non-qualified accounts for each enrolled employee to track deferred amounts. On May 1 of each year, the Company is required to make its contribution to each enrolled employee's account. See Note 2 on Significant Accounting Policies for information about the fair value of the assets and liabilities in the SERP.

13. Related Party Transactions

On December 24, 2009, the Company and Bayside Capital, Inc. (or "Bayside"), an affiliate of H.I.G. Capital, LLC (or "H.I.G."), entered into a Management and Investment Advisory Services Agreement ("Management Agreement") pursuant to which the Company will receive certain management, consulting and financial advisory services. Effective May 4, 2011, the Management Agreement was amended pursuant to the NovaMed merger and the management fee was increased to $2.0 million annually. The Company recognized $2.0 million for the year ended December 31, 2014 related to the Management Agreement. Effective November 3, 2014, the Management Agreement was amended pursuant to the Symbion acquisition and the management fee was increased to $3.0 million annually. Fees related to the Management Agreement for the years ended December 31, 2015 and 2014 are recognized as general and administrative expense in the accompanying consolidated statements of operations. Additionally, the Company incurred additional advisory fees related to refinancing transactions of $17.6 million for the year ended December 31, 2014. During the year ended December 31, 2015, Bayside was paid a transaction fee pursuant to the Management Agreement of $5.4 million as a result of the IPO and the Management Agreement was terminated upon the completion of the IPO.

14. Commitments and Contingencies

Lease and Debt Guarantees of Non-Consolidated Facilities

As of December 31, 2016 and 2015, the Company had guaranteed approximately $12,000 and $160,000, respectively, of operating lease payments for certain non-consolidated surgical facilities that were acquired in connection with the Symbion transaction. These operating leases typically have ten-year terms, with optional renewal periods.

Professional, General and Workers' Compensation Liability Risks

The Company is subject to claims and legal actions in the ordinary course of business, including claims relating to patient treatment, employment practices and personal injuries. To cover these claims, the Company maintains general liability and professional liability insurance in excess of self-insured retentions through third party commercial insurance carriers in amounts that management believes is sufficient for the Company's operations, although, potentially, some claims may exceed the scope of coverage in effect. The professional and general insurance coverage is on a claims-made basis. Workers' compensation insurance is on an occurrence basis. Plaintiffs in these matters may request punitive or other damages that may not be covered by insurance. The Company is not aware of any such proceedings that would have a material adverse effect on the Company's business, financial condition or results of operations.

Laws and Regulations

Laws and regulations governing the Company's business, including those relating to the Medicare and Medicaid programs, are complex and subject to interpretation. These laws and regulations govern every aspect of how the Company's surgical facilities conduct their operations, from licensing requirements to how and whether the Company's facilities may receive payments pursuant to the Medicare and Medicaid programs. Compliance with such laws and regulations can be subject to future government agency review and interpretation as well as legislative changes to such laws. Noncompliance with such laws and regulations may subject the Company to significant regulatory action including fines, penalties, and exclusion from the Medicare, Medicaid and other federal healthcare programs. From time to time, governmental regulatory agencies will conduct inquiries of the Company's practices, including, but not limited to, the Company's compliance with federal and state fraud and abuse laws, billing practices and relationships with physicians. It is the Company's current practice and future intent to cooperate fully with such inquiries. The Company is not aware of any such inquiry that would have a material adverse effect on the Company's business, financial condition, or results of operations.

Acquired Facilities

The Company, through its wholly-owned subsidiaries or controlled partnerships and limited liability companies, has acquired and will continue to acquire surgical facilities with prior operating histories. Such facilities may have unknown or contingent liabilities, including liabilities for failure to comply with healthcare laws and regulations, such as billing and reimbursement, fraud and abuse and similar anti-referral laws. Although the Company attempts to assure that no such liabilities exist, obtain indemnification from prospective sellers covering such matters and institute policies designed to conform centers to its standards following completion of acquisitions, there can be no assurance that the Company will not become liable for past activities that may later be asserted to be improper by private plaintiffs or government agencies. There can be no assurance that any such matter will be covered by indemnification or, if covered, that the liability sustained will not exceed contractual limits or the financial capacity of the indemnifying party.

The Company cannot predict whether federal or state statutory or regulatory provisions will be enacted that would prohibit or otherwise regulate relationships which the Company has established or may establish with other healthcare providers or have materially adverse effects on its business or revenues arising from such future actions. Management believes, however, that it will be able to adjust the Company's operations so as to be in compliance with any statutory or regulatory provision as may be applicable.

Potential Physician Investor Liability

A majority of the physician investors in the partnerships and limited liability companies which operate the Company's surgical facilities carry general and professional liability insurance on a claims-made basis. Each partnership or limited liability company may, however, be liable for damages to persons or property arising from occurrences at the surgical facilities. Although the various physician investors and other surgeons generally are required to obtain general and professional liability insurance with tail coverage that extends beyond the period of any claims-made policies, such individuals may not be able to obtain coverage in amounts sufficient to cover all potential liability. Since most insurance policies contain exclusions, the physician investors will not be insured against all possible occurrences. In the event of an uninsured or underinsured loss, the value of an investment in the partnership interests or limited liability company membership units and the amount of distributions could be adversely affected.

Contingent Consideration

Pursuant to a purchase agreement dated December 24, 2009 ("the Purchase Agreement"), the Company acquired controlling interests in thirty-six business entities in various Florida locations which operate freestanding ASCs and provided anesthesia and pain management services ("the 2009 Acquisition"). Non-controlling interests in the ASCs were owned by certain physicians that remained partners/members in the ASCs and other operating entities.

The Purchase Agreement provided for maximum potential contingent consideration of up to $10.0 million based on operating results subsequent to the acquisition for the period from January 1, 2010 to December 31, 2010. Pursuant to the Purchase Agreement, the contingent consideration is payable as principal under a Subordinated Promissory Note, the form of which was delivered concurrent with the Purchase Agreement. The balance is still outstanding due to ongoing litigation as a result of the civil claim discussed in detail below. The Subordinated Promissory Note bears interest at 8% and during the years ended December 31, 2016 and 2015, the Company recorded approximately $1.1 million and $1.0 million, respectively, of interest expense related to the note. As discussed below, the Company has made indemnification claims against the Seller exceeding the amount of the contingent consideration liability. The Company has a contractual right of offset against the contingent consideration.

In conjunction with the 2009 Acquisition, an escrow account in the amount of $2.9 million was created to cover any contingencies. With the formation of this escrow account, the Company was indemnified against certain indemnification obligations. In 2010, $589,000 was paid to the Company in settlement of the acquisition price adjustment noted above. In December 2010, the Company filed an indemnification claim against the Seller alleging breaches of and inaccuracies in representations and warranties included in the Purchase Agreement. Pursuant to the Purchase Agreement, the escrow agent has not paid the remaining escrow funds due to the unresolved claim associated with this acquisition.

Pursuant to the terms of the Purchase Agreement, in December 2010, the Company filed a claim for indemnification from the Seller for reimbursement of amounts to be repaid to payors for overpayment amounts received by the Seller prior to the date of acquisition, including other losses sustained, and submitted a withdrawal notice to the escrow agent in the amount of approximately $4.4 million. The indemnification claim asserts, among other allegations, that certain operating entities acquired from the Seller improperly recorded payments received from certain payors as income and that one acquired entity used improper billing, coding and collection practices for dates of service prior to acquisition date. The Seller submitted an objection to this claim and filed a civil claim requesting the court to dismiss the Company's claim and release funds out of escrow.

Subsequent to the acquisition date, the Company determined the acquired accounts receivable were not properly recorded at the net realizable value of the asset. The Company determined the fair value assigned in the initial acquisition accounting resulted in accounts receivable being recorded at an amount which was approximately $14.0 million in excess of the fair value. On June 10, 2013, the court issued a judgment in favor of the Company regarding its indemnification claim and its claim regarding the overstatement of accounts receivable. Specifically, the court ruled that the Company is entitled to recover approximately $454,000 for the indemnification claims which represents the amount of the original claim less the application of deductibles. The court also ruled that the Company is entitled to receive approximately $10.8 million for the overstated net accounts receivable. The Purchase Agreement provides for any award of damages to the Company to be offset first by the money in the escrow account and then by an offset to the contingent consideration. Therefore, the court ordered that the funds in the escrow account be paid to the Company and the balance of approximately $8.3 million be offset against the $10.0 million contingent consideration. To date, no final judgment has been made regarding the award of attorneys' fees and interest.

Following the judgment noted above, an appeal was filed by the Seller, and a cross-appeal was filed by the Company and, in December 2016, the appeals court found in favor of the Company that the trial court erred in calculating damages in the final judgment, in failing to award prejudgment interest on the liquidated damages, and in failing to award the appellees an offset of their costs and fees incurred in this litigation against amounts owing pursuant to the earnout note, as well as dismissing the arguments raised by the Seller in its appeal as without merit. The parties have since agreed to mediate the dispute and mediation is currently scheduled to begin on April 20, 2017. The funds from the escrow account have not been released to the Company but based on the court order, the Company has removed the contingent consideration liability and indemnification receivable on its consolidated balance sheets at December 31, 2016. Both amounts were written off to a gain on litigation settlement of $14.1 million on the consolidated statement of operations.

15. Segment Reporting

A public company is required to report annual and interim financial and descriptive information about its reportable operating segments. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or "CODM," in deciding how to allocate resources and in assessing performance.

The Company operates in three major lines of business that are also the Company's reportable operating segments - the operation of surgical facilities, the operation of optical services and the operation of ancillary services, which includes physician practices, a diagnostic laboratory and a specialty pharmacy.

During the second quarter of 2016, the Company reassessed its segment reporting and realigned the disclosures to reflect the review and decision making made by the CODM. The purpose of these changes was to replace operating income with adjusted EBITDA as the primary profit/loss metric reviewed by the CODM in making key business decisions and on allocation of resources. The Company has revised the segment disclosures below to replace operating income with adjusted EBITDA and has provided a reconciliation from adjusted EBITDA back to net income in the reported condensed consolidated financial information. These changes had no effect on the Company's reportable segments, which are presented consistent with prior periods.

The following tables present financial information for each reportable segment (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Net Revenues:			
Surgical facility services	$ 1,042,097	$ 884,144	$ 339,309
Ancillary services	90,836	61,175	49,787
Optical services	12,505	14,572	14,193
Total revenues	$ 1,145,438	$ 959,891	$ 403,289

	Year Ended December 31,		
	2016	2015	2014
Segment Adjusted EBITDA:			
Surgical facility services	$ 214,218	$ 180,113	$ 83,149
Ancillary services	12,685	18,715	18,354
Optical services	3,308	3,905	3,880
Total segment adjusted EBITDA [3]	$ 230,211	$ 202,733	$ 105,383
General and administrative expenses	$ (60,246)	$ (55,992)	$ (31,452)
Non-cash stock compensation expense	2,021	7,502	942
Contingent acquisition compensation expense	5,092	—	—
Management fee [4]	—	2,250	2,161
Acquisition related costs	2,185	1,560	—
Total adjusted EBITDA [3]	179,263	158,053	77,034
Net income attributable to non-controlling interests	75,630	71,416	38,845
Depreciation and amortization	(39,551)	(34,545)	(15,061)
Interest and other expense, net	(100,571)	(100,980)	(62,101)
Income tax (expense) benefit	(7,095)	148,982	(15,758)
Non-cash stock compensation expense	(2,021)	(7,502)	(942)
Contingent acquisition compensation expense	(5,092)	—	—
Termination of management agreement and IPO costs	—	(5,834)	—
Management fee [4]	—	(2,250)	(2,161)
Merger transaction, integration and practice acquisition costs [5]	(11,617)	(20,579)	(21,690)
Gain on litigation settlement	14,101	—	—
(Loss) gain on disposal or impairment of long-lived assets, net	(2,355)	2,097	(1,804)
Tax receivable agreement expense	(3,733)	(119,911)	—
Loss on debt refinancing	(11,876)	(16,102)	(23,414)
Total net income (loss)	$ 85,083	$ 72,845	$ (27,052)

(3) The above table reconciles adjusted EBITDA by segment to net income as reflected in the unaudited condensed consolidated statements of operations.

When the Company uses the term "Adjusted EBITDA," it is referring to net income minus (a) net income attributable to non-controlling interests plus (b) income tax (benefit) expense, (c) interest and other expense, net, (d) depreciation and amortization, (e) termination of management agreement and IPO costs, (f) management fee, (g) merger transaction, integration and practice acquisition costs, (h) non-cash stock compensation expense, (i) loss on debt refinancing, (j) contingent acquisition compensation expense, (k) tax receivable agreement expense, (l) gain on litigation settlement and (m) (loss) gain on disposal or impairment of long-lived assets. Non-controlling interests represent the interests of third parties, such as physicians, and in some cases, healthcare systems that own an interest in surgical facilities that the Company consolidates for financial reporting purposes. The Company's operating strategy is to apply a market-based approach in structuring its partnerships with individual market dynamics driving the structure. The Company believes that it is helpful to investors to present Adjusted EBITDA as defined above because it excludes the portion of net income attributable to these third-party interests and clarifies for investors the Company's portion of Adjusted EBITDA generated by its surgical facilities and other operations.

The Company uses Adjusted EBITDA as a measure of liquidity. It is included because the Company believes that it provides investors with additional information about its ability to incur and service debt and make capital expenditures.

Adjusted EBITDA is not a measurement of financial performance or liquidity under GAAP. It should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating, investing or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating financial performance and liquidity. The Company's calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

(4) Fee payable pursuant the Management and Investment Advisory Services Agreement between the Company and Bayside, which was terminated in connection with the Company's IPO.

(5) This amount includes merger transaction and integration costs of $8.7 million and $17.0 million for the years ended December 31, 2016 and 2015, respectively, and practice acquisition costs of $2.9 million and $2.7 million for the years ended December 31, 2016 and 2015, respectively.

Appendix 3

	December 31, 2016	December 31, 2015
Assets:		
Surgical facility services	$ 1,914,842	$ 1,762,396
Ancillary services	184,002	118,198
Optical services	22,478	25,537
Total	$ 2,121,322	$ 1,906,131
General and administrative	$ 183,636	$ 198,312
Total assets	$ 2,304,958	$ 2,104,443

	Year Ended December 31,		
	2016	2015	2014
Supplemental Information:			
Cash purchases of property and equipment, net:			
Surgical facility services	$ 29,157	$ 26,723	$ 5,158
Ancillary services	5,388	1,051	1,034
Optical services	351	128	335
Total	$ 34,896	$ 27,902	$ 6,527
General and administrative	$ 4,213	$ 5,537	$ 1,209
Total cash purchases of property and equipment, net	$ 39,109	$ 33,439	$ 7,736

16. Quarterly Financial Information (Unaudited)

The following tables include a summary of certain information related to the Company's quarterly consolidated results of operations for each of the four quarters in the years ended December 31, 2016 and 2015. The amounts are as follows (in thousands and unaudited):

	Fiscal Quarter			
	1Q16	2Q16	3Q16	4Q16
Revenues	267,074	289,681	282,682	306,001
Cost of revenues	196,703	208,852	201,394	214,247
Net income	10,357	22,293	14,334	38,100
Net income attributable to non-controlling interests	(17,547)	(20,173)	(16,672)	(21,238)
Net (loss) income attributable to Surgery Partners, Inc.	(7,190)	2,120	(2,338)	16,862
Basic net (loss) income per share of common stock	(0.15)	0.04	(0.05)	0.35
Diluted net (loss) income per share common stock	(0.15)	0.04	(0.05)	0.35

	Fiscal Quarter			
	1Q15	2Q15	3Q15	4Q15
Revenues	224,143	232,827	239,599	263,322
Cost of revenues	155,773	161,558	168,821	183,174
Net income	10,488	12,479	13,784	36,094
Net income attributable to non-controlling interests	(17,250)	(17,905)	(16,906)	(19,355)
Net (loss) income attributable to Surgery Partners, Inc.	(6,762)	(5,426)	(3,122)	16,739
Basic net (loss) income per share of common stock	(0.21)	(0.17)	(0.10)	0.35
Diluted net (loss) income per share common stock	(0.21)	(0.17)	(0.10)	0.35

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SURGERY PARTNERS, INC.

By: /s/ Michael T. Doyle
Michael T. Doyle
Chief Executive Officer
(Principal Executive Officer)

Date: March 10, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURES	TITLE	DATE
/s/ Michael T. Doyle Michael T. Doyle	Chief Executive Officer, Director (Principal Executive Officer)	March 10, 2017
/s/ Teresa F. Sparks Teresa F. Sparks	Executive Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	March 10, 2017
/s/ Christopher Laitala Christopher Laitala	Chairman	March 10, 2017
/s/ Teresa DeLuca Teresa DeLuca	Director	March 10, 2017
/s/ Adam Feinstein Adam Feinstein	Director	March 10, 2017
/s/ Matthew I. Lozow Matthew I. Lozow	Director	March 10, 2017
/s/ Brent Turner Brent Turner	Director	March 10, 2017

EXHIBIT INDEX

No.	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
3.2	Amended and Restated By-Laws (incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
4.1	Indenture, dated March 31, 2016, among Surgery Center Holdings, Inc., the Guarantors from time to time party thereto and Wilmington Trust, National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed April 5, 2016).
10.1	Tax Receivable Agreement, dated as of September 30, 2015, among Surgery Partners, Inc., H.I.G. Surgery Centers, LLC and certain other Stockholders party thereto (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
10.2	Registration Rights Agreement, dated as of September 30, 2015, among Surgery Partners, Inc. and certain other Stockholders party thereto (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
10.3	Reorganization Agreement, dated as of September 30, 2015, among Surgery Partners, Inc., Surgery Center Holdings, LLC, H.I.G. Surgery Centers, LLC and certain other Members party thereto (incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
10.4	Form of Indemnification Agreement (incorporated herein by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1, Amended, filed September 14, 2015).
10.5	First Lien Credit Agreement, dated as of November 3, 2014, among SP Holdco I, Inc., Surgery Center Holdings, Inc., Jefferies Finance LLC and the other guarantors and lenders party thereto (incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 filed August 17, 2015).
10.6	First Lien Incremental Amendment to First Lien Credit Agreement, dated as of October 7, 2015, among SP Holdco I, Inc., Surgery Center Holdings, Inc., Jefferies Finance LLC and the other guarantors and lenders party thereto (incorporated herein by reference as Exhibit 10.1 to Surgery Partners, Inc.'s Current Report on Form 8-K filed October 9, 2015)
10.7	Second Lien Credit Agreement, dated as of November 3, 2014, among SP Holdco I, Inc., Surgery Center Holdings, Inc., Jefferies Finance LLC and the other guarantors and lenders party thereto (incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 filed August 17, 2015).
10.8	Assignment and Acceptance Agreement, among H.I.G. Surgery Centers, LLC and THL Credit, Inc., for assignment effective April 11, 2013 (incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 filed August 17, 2015).
10.9 [a]	Employment Agreement of Michael Doyle, as amended (incorporated herein by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1, Amended, filed September 21, 2015).
10.10 [a]	Employment Agreement of Teresa Sparks, as amended (incorporated herein by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1, Amended, filed September 21, 2015).
10.11 [a]	Employment Agreement of John Crysel, as amended (incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1, Amended, filed September 21, 2015).
10.12 [a]	2015 Omnibus Incentive Plan (incorporated herein by reference as Exhibit 4.3 to the Company's Registration Statement on Form S-8 filed October 6, 2015).
10.13 [a]	Form of Non-Statutory Stock Option Agreement under the 2015 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
10.14 [a]	Form of Director Option Award under the 2015 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
10.15 [a]	Form of Reorganization Restricted Stock Agreement under the 2015 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
10.16 [a]	Cash Incentive Plan (incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed November 13, 2015).
10.17 [a]	Symbion, Inc. Supplemental Executive Retirement Plan, Effective May 1, 2005 (incorporated herein by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1, Amended, filed September 21, 2015).
10.18	Office Lease Agreement dated November 17, 2015 between Highwoods Realty Limited Partnership and Surgery Partners, Inc. (incorporated herein by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K filed March 11, 2016).
10.19 [a]	Form of Restricted Stock Award Agreement under the 2015 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed March 15, 2016).

10.20	First Lien Incremental Term Loan Amendment and Consent, dated as of March 24, 2016, by and among SP Holdco I, Inc., Surgery Center (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 30, 2016).
10.21(a)	Form of Performance Stock Unit Award Agreement under the 2015 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 5, 2016).
10.22	First Amendment to Lease Agreement, dated August 29, 2016, between Highwoods Realty Limited Partnership and Surgery Partners, Inc. (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed November 10, 2016).
10.23	Amendment No. 4 to Credit Agreement, dated as of September 26, 2016, by and among SP Holdco I, Inc., Surgery Center Holdings, Inc., Jefferies Finance LLC and the other guarantors and lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 27, 2016).
21.1	List of Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(a) Management Contract or Compensatory Plan or Arrangement.

Exhibit 21.1

Subsidiaries of
Surgery Partners, Inc.

Entity Name	Jurisdiction of Organization	Doing Business As
Advanced Pain Institute Treatment Center, LLC	Louisiana	
Afshin Gerayli, MD	California	Pain Specialists of Orange County
AllCare Clinical Associates, P.A.	North Carolina	
Ambulatory Resource Centres Investment Company, LLC	Delaware	
Ambulatory Resource Centres of Washington, Inc.	Tennessee	
Ambulatory Resource Centres of Wilmington, Inc.	Tennessee	
Anesthesiology Professional Services, Inc.	Florida	
Animas Surgical Hospital, LLC	Delaware	
APS of Bradenton, LLC	Florida	
APS of Hammond, LLC	Delaware	
APS of Jonesboro, LLC	Delaware	
APS of Merritt Island, LLC	Florida	
APS of Suncoast, LLC	Florida	
ARC Development Corporation	Tennessee	
ARC Financial Services Corporation	Tennessee	
ARC Kentucky, LLC	Tennessee	ARC Kentucky/Louisville, LLC
ARC of Bellingham, L.P.	Tennessee	
ARC of Georgia, LLC	Tennessee	Premier Surgery Center
Armenia Ambulatary Surgery Center, LLC	Florida	
ASC Gamma Partners, Ltd.	Florida	West Kendall Surgical Center
ASC of New Albany, LLC	Indiana	
Asheville Pain Relief Center, P.C.	North Carolina	
Austin Surgical Holdings, LLC	Delaware	ATX Surgical Holdings, LLC
Baton Rouge Anesthesia Services, LLC	Delaware	
Bayside Endoscopy Center, LLC	Rhode Island	
Birmingham Surgery Center, LLC	Delaware	
Blue Ridge NovaMed, inc.	Missouri	
Blue Ridge Surgical Center, LLC	Delaware	
Boulder Spine Center, LLC	Delaware	Minimally Invasive Spine Institute
Bradenton Anesthesia Services, LLC	Florida	
Bristol Spine Center, LLC	Delaware	Renaissance Surgery Center
Cape Coral Ambulatory Surgery Center, LLC	Florida	
Cape Coral Anesthesia Services, LLC	Florida	
CCIF, LLC	Delaware	
CC Pocatello, LLC	Idaho	
Central Montana Imaging, LLC	Montana	
Chesterfield Spine Center, LLC	Delaware	St. Louis Spine and Orthopedic Surgery Center
CMMP Surgical Center, L.L.C.	Missouri	
CMSC, LLC	Montana	
Coastal Pain Center, LLC	Georgia	
Collier Anesthesia Pain, LLC	Florida	
Community Care Channing Way, LLC	Delaware	
Community Care Roxburg, LLC	Delaware	
Community Care West Side, LLC	Delaware	
Complete Care Pharmacy, LLC	Florida	

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Consultants in Pain Medicine, LLC	Georgia	
Cypress Surgery Center, LLC	Delaware	
Delaware Outpatient Center for Surgery, LLC	Delaware	
Dupont Anesthesia Services, P.S.C.	Kentucky	
Epix Anesthesia of Houston, PLLC	Texas	
Great Falls Clinic Surgery Center, L.L.C.	Montana	
Hammond Anesthesia Services, LLC	Louisiana	
Honolulu Spine Center, LLC	Delaware	Honolulu Sports and Spine Center
IFSC Acquisition, LLC	Delaware	
IPM Surgery Centers, LLC	California	SpinalCARE Surgicenter
Jacksonville Beach Surgery Center, LLC	Tennessee	Jacksanville Beach Surgery Center
Jonesboro Anesthesia Services, LLC	Arkansas	
Kent, LLC	Rhode Island	
Lake Mary Surgery Center, L.L.C.	Florida	
Largo Endoscopy Center, L.P.	Tennessee	Tampa Bay Regional Surgery Center
Largo Surgery, LLC	Florida	West Bay Surgery Center
Laser and Outpatient Surgery Center, LLC	Delaware	
Logan Laboratories, LLC	Delaware	
Lubbock Heart Hospital, LLC	Delaware	Lubbock Heart & Surgical Hospital
Lubbock Surgicenter, Inc.	Texas	
Medical Center Endoscopy, LLC	Texas	
Medical Billing Solutions, LLC	Florida	
Midwest Uncuts, Inc.	Iowa	Midwest Labs
Millenia Surgery Center, L.L.C.	Florida	
Minimally Invasive Surgical and Neuroscience Center, LLC	Delaware	
Mission Hills Surgicenter, LLC	California	Mission Hills Pain Treatment Center
Montana Health Partners, LLC	Montana	
Mountain View Hospital, LLC	Delaware	
MV Oncology, LLC	Delaware	
MVH Anesthesia, LLC	Idaho	Eagle Rock Anesthesia
MVH BMC, LLC	Idaho	
MVH Idaho Falls Oncology, LLC	Delaware	
MVH SNF Holding, LLC	Idaho	
NeoSpine Puyallup Spine Center, LLC	Delaware	Microsurgical Spine Center
NeoSpine Surgery of Bristol, LLC	Delaware	
NeoSpine Surgery of Puyallup, LLC	Delaware	
NeoSpine Surgery, LLC	Delaware	
New Albany Outpatient Surgery, L.P.	Delaware	
New Tampa Surgery Center, Ltd.	Florida	
NMGK, Inc.	Illinois	
NMI, Inc.	Georgia	
NMLO, Inc.	Kansas	
North Dakota Surgery Center, LLC	Delaware	
Northwest Ambulatary Surgery Services, LLC	Washington	Bellingham Ambulatary Surgery Center
NovaMed Acquisition Company, Inc.	Delaware	
NovaMed Alliance, Inc.	Delaware	Optical Synergies Premier Vision Buying Group The Buyers Edge The Alliance
NovaMed Eye Surgery and Laser Center of St. Joseph, Inc.	Missouri	

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NovaMed Eye Surgery Center of Maryville, LLC	Delaware	Eyes of Illinois Surgery Center
NovaMed Eye Surgery Center of New Albany, L.L.C.	Delaware	
NovaMed Eye Surgery Center of North County, LLC	Delaware	
NovaMed Eye Surgery Center of Overland Park, LLC	Delaware	
NovaMed Management of Kansas City, Inc.	Missouri	
NovaMed Management Services, LLC	Delaware	
NovaMed of Bethlehem, Inc.	Delaware	
NovaMed of Laredo, Inc.	Delaware	
NovaMed of Lebanon, Inc.	Delaware	
NovaMed of Louisville, Inc.	Kentucky	
NovaMed of San Antonio, Inc.	Delaware	
NovaMed of Texas, Inc.	Delaware	
NovaMed of Wisconsin, Inc.	Delaware	
NovaMed Pain Management Center of New Albany, LLC	Delaware	
NovaMed Surgery Center of Baton Rouge, LLC	Delaware	Interventional Pain Management Center
NovaMed Surgery Center of Bedford, LLC	Delaware	NH Eye Surgicenter
NovaMed Surgery Center of Chattanooga, LLC	Delaware	
NovaMed Surgery Center of Chicago-Northshore, LLC	Delaware	NovaMed Eye Surgery Center – Northshore
NovaMed Surgery Center of Cleveland, LLC	Delaware	The Surgery Center of Cleveland
NovaMed Surgery Center of Colorado Springs, LLC	Delaware	United Ambulatory Surgery Center
NovaMed Surgery Center of Denver, LLC	Delaware	Colorado Outpatient Eye Surgery Center
NovaMed Surgery Center of Jonesboro, LLC	Delaware	Eye Surgery Center of Arkansas
NovaMed Surgery Center of Madison, Limited Partnership	Wisconsin	
NovaMed Surgery Center of Nashua, LLC	Delaware	Nashua Eye Surgery Center
NovaMed Surgery Center of Oak Lawn, LLC	Delaware	Center for Reconstructive Surgery
NovaMed Surgery Center of Orlando, LLC	Delaware	Downtown Surgery Center
NovaMed Surgery Center of Palm Beach, LLC	Delaware	Palm Beach Outpatient Surgical Center
NovaMed Surgery Center of San Antonio, L.P.	Delaware	American Surgery Centers of South Texas
NovaMed Surgery Center of Sandusky, LLC	Delaware	Surgery Center of Sandusky
NovaMed Surgery Center of St. Peters, LLC	Delaware	St. Peters Ambulatory Surgery Center
NovaMed Surgery Center of Tyler, L.P.	Delaware	The Cataract Center of East Texas
NovaMed Surgery Center of Warrensburg, LLC	Delaware	Surgery Center of Warrensburg Eye Surgery Center of Warrensburg
NovaMed Surgery Center of Whittier, LLC	Delaware	Center for Outpatient Surgery
NovaMed, Inc.	Delaware	Surgery Partners
Ocala Surgery Center Realty, LLC	Tennessee	
Ocean State Endoscopy Holdings, LLC	Rhode Island	
Orange City Anesthesia Services, LLC	Florida	
Orange City Surgery Center, LLC	Florida	
Orthopaedic Surgery Center of Asheville, L.P.	Tennessee	Orthopaedic Surgery Center of Asheville, Limited
Palm Bay Ambulatory Surgical Center, LLC	Delaware	
Park Place Surgery Center, L.L.C.	Florida	
Physicians Medical Center, L.L.C.	Louisiana	
Physicians Surgery Center, LLC	Delaware	Lee Island Coast Surgery Center
Physicians Surgical Care, Inc.	Delaware	
Pickaway Surgical Center, Ltd.	Ohio	Physicians Ambulatory Surgery Center
PMCROS, L.L.C.	Louisiana	
Portsmouth, LLC	Delaware	
PSC Development Company, LLC	Delaware	
PSC of New York, L.L.C.	Delaware	

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PSC Operating Company, LLC	Delaware	
PSHS Alpha Partners, Ltd.	Florida	Lake Worth Surgery Center
PSHS Beta Partners, Ltd.	Florida	The Gables Surgical Center
Quahog Holding Company, LLC	Delaware	
Quantum Enterprises, PLLC	Colorado	
Riverside Anesthesia Services, LLC	Florida	
Riverside Billing & Management Company, LLC	Florida	
Riverside Spine & Pain Physicians, LLC	Florida	
Riverside Surgical Center, LLC	Florida	
Saint Thomas Compounding LLC	Florida	
Sarasota Ambulatory Surgery Center, Ltd.	Florida	
Sarasota Anesthesia Services, LLC	Florida	
SARC/Asheville, Inc.	Tennessee	
SARC/Circleville, Inc.	Tennessee	
SARC/Ft. Myers, Inc.	Tennessee	
SARC/Georgia, Inc.	Tennessee	
SARC/Jacksonville, Inc.	Tennessee	
SARC/Kent, LLC	Tennessee	
SARC/Largo Endoscopy, Inc.	Tennessee	
SARC/Largo, Inc.	Tennessee	
SARC/Pravidence, LLC	Tennessee	
SARC/San Antonio, LLC	Tennessee	
SARC/St. Charles, Inc.	Tennessee	
SARC/Vincennes, Inc.	Tennessee	
Sentry Anesthesia Management, LLC	Georgia	
Sentry Medical Billing, LLC	Georgia	
SMBI DOCS, LLC	Tennessee	
SMBI Great Falls, LLC	Tennessee	
SMBI Havertown, LLC	Tennessee	
SMBI Idaho, LLC	Tennessee	
SMBI Jackson, LLC	Delaware	
SMBI LHH, LLC	Delaware	
SMBI Portsmouth, LLC	Tennessee	
SMBI STLWSC, LLC	Tennessee	
SMBIMS Birminghnm, Inc.	Tennessee	
SMBIMS Durango, LLC	Tennessee	
SMBIMS Florida I, LLC	Florida	
SMBIMS Greenville, LLC	Tennessee	
SMBIMS Kirkwood, LLC	Tennessee	
SMBIMS Navi, LLC	Tennessee	
SMBIMS Orange City, LLC	Tennessee	
SMBIMS Steubenville, Inc.	Tennessee	
SMBIMS Wichita, LLC	Tennessee	
SMBISS Beverly Hills, LLC	Tennessee	
SMBISS Chesterfield, LLC	Tennessee	
SMBISS Encino, LLC	Tennessee	
SMBISS Irvine, LLC	Tennessee	
SMBISS Thousand Oaks, LLC	Tennessee	
Southern Crescent Anesthesiology, PC	Georgia	
Southern Crescent Nurse Anesthesia, LLC	Georgia	

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SP California Management, LLC	Delaware	
SP Holdco I, Inc.	Delaware	
SP Louisiana, LLC	Louisiana	
SP Management Services, Inc.	Tennessee	SymbianARC Management Services Surgery Partners Management Services, Inc. SGRY SP Management Services, Inc. SGRY Surgery Partners Management Services, Inc.
SP North Dakota, LLC	Delaware	
SP Practice Management, LLC	Delaware	
Space Coast Anesthesia Services, LLC	Florida	
Space Coast Surgery Center LLLP	Florida	
Specially Surgical Center of Beverly Hills, L.P.	California	
Specialty Surgical Center of Encino, L.P.	California	
Specialty Surgical Center of Encino, LLC	California	
Specialty Surgical Center of Irvine, L.P.	California	
Specialty Surgical Center of Irvine, LLC	California	
Specialty Surgical Center, LLC	California	
St. Louis Women's Surgery Center, LLC	Delaware	
Suncoast Specialty Surgery Center, LLLP	Florida	
Surgery Center Holdings, Inc.	Delaware	
Surgery Center Holdings, LLC	Delaware	
Surgery Center of Fremant, LLC	Delaware	
Surgery Center of Kalamazoo, LLC	Michigan	
Surgery Center of Lebanon, LP	Pennsylvania	Physicians Surgical Center
Surgery Center of Pennsylvania, LLC	Pennsylvania	
Surgery Center Partners, LLC	Delaware	Timberlake Surgery Center
Surgery Partners Acquisition Company, Inc.	Florida	
Surgery Partners of Coral Gables, LLC	Florida	
Surgery Partners of Lake Mary, LLC	Florida	
Surgery Partners of Lake Worth, LLC	Florida	
Surgery Partners of Merritt Island, LLC	Florida	
Surgery Partners of Millenia, LLC	Florida	
Surgery Partners of New Tampa, LLC	Florida	
Surgery Partners of Park Place, LLC	Florida	
Surgery Partners of Sarasota, LLC	Florida	
Surgery Partners of Suncoast, LLC	Florida	
Surgery Partners of West Kendall, L.L.C.	Florida	
Surgery Partners of Westchase, LLC	Florida	
Surgery Partners, LLC	Florida	SGRY SP, LLC
Surgical Hospital of Austin, L.P.	Texas	Austin Surgical Hospital
Symbion Ambulatory Resource Centres, Inc.	Tennessee	
Symbion Anesthesia Services, LLC	Delaware	
Symbion Holdings Corporation	Delaware	
Symbion JV, LLC	Tennessee	
Symbion, Inc.	Delaware	
SymbionARC Support Services, LLC	Tennessee	
Tampa Pain Relief Center, Inc.	Florida	Central Florida Pain Relief Centers Florida Orthopedic Partners Florida Pain Institute - Melbourne Florida Pain Institute - Merritt Island

Appendix 3

		Florida Pain Institute - Palm Bay
		Florinda Pain Institute - Pineda
		Florida Pain Institute - Titusville
		Florida Pain Institute - Viera
		Florida Pain Relief Centers
		Florida Spine Sports and Rehabilitation Center
		Jacksonville Pain Relief Center
		Kaizen Orthopedics
		Medical Village Urgent Care
		Orlando Pain Relief Center
		Pain Institute Of Tampa
		Pain Management of Brandon
		Pain Medicine Institute
		Palm Beach Pain Relief Center
		Rehabilitation Medical Group
		Sarasota Pain Relief Center - Bee Ridge
		Sarasota Pain Relief Center - Bradenton
		Sarasota Pain Relief Center - CPCS
		Sarasota Pain Relief Center - Downtown
		Sarasota Pain Relief Center - PMC
		Sarasota Pain Relief Center - Venice
		Sarasota Pain Relief Center
		South Florida Pain Relief Center - Boynton Beach
		South Florida Pain Relief Center
		Tampa Pain Relief Center - Himes
Texarkana Surgery Center GP, Inc.	Texas	
Texarkana Surgery Center, L.P.	Delaware	
Texas Physician Group	Texas	Austin Wound Care and Hyperbaric Center
The Cataract Specialty Surgical Center, LLC	Michigan	
The Center for Special Surgery, LLC	Delaware	
The Center for Specialized Surgery, LP	Pennsylvania	
The Surgery Center of Ocala, LLC	Tennessee	
The Surgery Center, L.L.C.	Georgia	
Triunfo Surgery Center, LLC	California	
UniPhy Healthcare of Johnson City VI, LLC	Tennessee	
UniPhy Healthcare of Maine I, Inc.	Tennessee	
UniPhy Healthcare of Memphis II, Inc.	Tennessee	
United ASC Holding Company, LLC	Delaware	
Valley Ambulatory Surgery Center, L.P.	Illinois	
Valley Medical Inn, L.P.	Illinois	
Valley Surgical Center, Ltd.	Ohio	
VASC, Inc.	Illinois	
Village Surgicenter, Inc.	Delaware	
Village Surgicenter, Limited Partnership	Delaware	
Westchase Surgery Center, Ltd.	Florida	
Wilmington Surgery Center, L.P.	Tennessee	
Winter Garden Surgery Center, LLC	Delaware	
Woods Mills Road Surgery Center, LLC	Tennessee	

Appendix 3

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-207298) pertaining to the Surgery Partners, Inc. 2015 Omnibus Incentive Plan, of our reports dated March 10, 2017, with respect to the consolidated financial statements of Surgery Partners, Inc. and the effectiveness of internal control over financial reporting of Surgery Partners, Inc., included in this Annual Report (Form 10-K) of Surgery Partners, Inc. for the year ended December 31, 2016.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 10, 2017

Appendix 3

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) AND RULE 15d- 14(a) OF THE SECURITIES AND EXCHANGE ACT, AS AMENDED AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael T. Doyle, certify that:

1. I have reviewed this annual report on Form 10-K of Surgery Partners, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Michael T. Doyle
Michael T. Doyle
Chief Executive Officer
(Principal Executive Officer)

Date: March 10, 2017

Appendix 3

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT, AS AMENDED AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Teresa F. Sparks, certify that:

1. I have reviewed this annual report on Form 10-K of Surgery Partners, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Teresa F. Sparks
Teresa F. Sparks
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 10, 2017

Appendix 3

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Surgery Partners, Inc. (the "Company") for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael T. Doyle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

By: /s/ Michael T. Doyle
Michael T. Doyle
Chief Executive Officer
(Principal Executive Officer)

Date: March 10, 2017

Appendix 3

Exhibit 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report an Form 10-K af Surgery Partners, Inc. (the "Company") far the period ended December 31, 2016, as filed with the Securities and Exchange Commission an the date hereof (the "Report"), I, Teresn F. Sparks, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial conditian and results of operations of the Company for the periods presented therein.

By: /s/ Teresa F. Sparks
Teresa F. Sparks
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 10, 2017

Appendix 3