



Department of Health Public Health and Health Planning Council

Project # 181193-B

Northern New York ASC, LLC d/b/a Northern New York Center for Surgery

Program: Diagnostic and Treatment Center

County: Jefferson

Purpose: Establishment and Construction

Acknowledged: March 29, 2018

Executive Summary

Description

Northern New York ASC, LLC d/b/a Northern New York Center for Surgery, an existing New York limited liability company, requests approval to establish and construct a single-specialty, Article 28 freestanding ambulatory surgery center (FASC) specializing in ophthalmology services. The facility will be housed in approximately 4,300 square feet of leased space in a to-be-constructed, one-story addition to an existing medical office building located at 1815 State Street, Watertown (Jefferson County).

The proposed members of the FASC are:

Northern New York ASC, LLC	85%
CFS-Watertown Holdings, LLC	
Noaman Sanni, M.D. (100%)	
Debra A. Koloms, M.D.	15%

The building is owned by Dr. Sanni and houses the private medical practice, M.B. Kayani Physician, P.C. d/b/a Center for Sight, of which Dr. Sanni is the sole shareholder. The building shell will be constructed by the landlord, 1815 State Street, LLC, and leased to Northern New York ASC, LLC who will complete the fit-out to include one operating room, one procedure room and the requisite support space.

Dr. Sanni, a Board-Certified ophthalmologist, will serve as Medical Director and will be a practicing physician at the FASC. The initial medical staff will also include Dr. Koloms, a member of the applicant, and William Grace Crane, Jr., D.O. Both ophthalmologists are employees of the Center for Sight. The procedures are currently being performed by the

physicians in their private practice and at Samaritan Medical Center where approximately 893 of the estimated procedures are being performed.

Samaritan Medical Center (SMC), is a 290-bed community hospital located in Watertown NY in Jefferson County, and is also a Centers for Medicare and Medicaid Services (CMS) designated Sole Community Hospital and serves as the hospital for the United States military base at Fort Drum. The consolidated SMC enterprise consists of SMC and its Affiliates, Clifton-Fine Hospital, a critical access hospital located in Star Lake in St. Lawrence County, two nursing homes, a certified home health agency, a captive physician practice corporation, and a Foundation. The proposed FASC is located three miles from the hospital, and SMC opposes the application.

Samaritan submitted information demonstrating the negative impact the FASC would have on its operations and its ability to continue supporting and enhancing essential health care services to the community. This information indicates that the loss of the 893 eye surgery cases from SMC to the FASC would result in a reduction of \$1.2M (or 28%) of SMC's reported 2018 total net operating income of \$4.3M. The cases represent 6% of SMC's total ambulatory surgery volume and account for approximately 0.8% of its total net patient service revenue.

The Department's analysis of cost report data for SMC also indicates that its ambulatory

surgical service line in general generates a \$4M positive net income contribution to the enterprise, which is equal to its reported 2018 total net operating income, and that this ambulatory surgery service line buffers losses the enterprise incurs on other essential healthcare services provided to the community.

While the Department cannot conclude that the loss of these eye surgery cases will result in the closure of SMC, the loss represents a substantial impact to its operations and its ability to support other essential health care services and initiatives in the region given its designation as a Sole Community Hospital.

OPCHSM Recommendation

Disapproval on the basis of public need, given the broader negative impact of the FASC on the delivery of essential inpatient and outpatient healthcare services to the residents of Jefferson County resulting from the negative impact of the FASC on SMC, a CMS designated Sole Community Hospital.

Need Summary

The FASC will have one operating room and one procedure room and expects to draw patients from Jefferson, Lewis and St. Lawrence counties (the Tug Hill Seaway region), which represents the catchment area of the medical

practice. Each physician has provided a letter in support of their volume estimates. The number of projected procedures is 1,849 in Year One and 1,961 in Year Three, with Medicaid at 6.0% and Charity Care at 2.0%.

Program Summary

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Financial Summary

The total project cost of \$2,385,457 will be funded with \$425,177 members' equity, a \$1,185,000 leasehold improvement loan at 5% interest for a ten-year term, a \$265,280 equipment loan at 5.5% interest for a seven-year term, and landlord funding for the shell space via a \$510,000 construction loan for a ten-year term with a fixed interest rate (to be determined). Watertown Savings Bank has provided a letter of interest for the all respective financings. The proposed budget is as follows:

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$1,090,725	\$1,157,384
Expenses	819,714	811,776
Net Income	\$271,011	\$345,608

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management Disapproval

Council Action Date

August 8, 2019

Need Analysis

Analysis

The primary service area consists of Jefferson County which has one single-specialty freestanding ambulatory surgery center and three hospitals providing multi-specialty surgery services. The table below shows the number of patient visits for ambulatory surgical facilities in Jefferson County for 2015 and 2016.

ASC Type	Facility Name	Total Patient Visits	
		2017	2018
Single	North Country Orthopedic Ambulatory Surgery Center, LLC	1,390	1,329
Multi	Samaritan Medical Center *	8,496	9,821
Multi	River Hospital, Inc.**	680	545
Multi	Carthage Area Hospital Inc**	1,740	1,868
Total Visits		12,579	12,306

Source: SPARCS-2017

*CMS Designated Sole Community Hospital

** CMS Designated Critical Access Hospital

The number of projected procedures of the is 1,849 in Year One and 1,961 in Year Three. These projections are based on the current practices of participating surgeons. The proposed FASC is located three miles from Samaritan Medical Center, which is the only area hospital expected to lose cases to the FASC.

Samaritan Medical Center (SMC) is a 290-bed community hospital located in Watertown NY in Jefferson County, and is designated by the Centers for Medicare and Medicaid Services (CMS) as a Sole Community Hospital. SMC also serves as the hospital for the United States military base at Fort Drum and is the lead contractor for the Fort Drum Regional Health Planning Organization. The consolidated SMC enterprise consists of SMC and its Affiliates, Clifton-Fine Hospital, a critical access hospital located in Star Lake in St. Lawrence County, two nursing homes, a certified home health agency, a captive physician practice corporation, and a Foundation.

Currently 48% of the procedures moving to the proposed surgery center are being performed at Samaritan Medical Center, the rest are being performed in the physicians' office-based setting. Initially, the new ambulatory surgery center will be operating two days per week, from 7 am until 3 pm for regularly scheduled cases. The applicant indicates it intends to continue performing complex cataract surgeries at SMC and other area hospitals. The table below shows the projected payor source utilization for Years One and Three.

Projections-181193	Year One		Year Three	
	Volume	%	Volume	%
Commercial	666	36%	706	36%
Medicare	906	49%	961	49%
Medicaid	111	6%	118	6%
Private Pay	37	2%	39	2%
Charity Care	37	2%	39	2%
Other (Tricare)	92	5%	98	5%
Total	1,849	100%	1,961	100%

The Center initially plans to obtain contracts with the following Medicaid Managed care plans: Fidelis - NYS, MVP Essential, and UHC Community Plan. The center will receive referrals from Community Health Centers of the North Country and North Country Family Health Center, both FQHC's. The center has developed a financial assistance policy with a sliding fee scale to be utilized once the center is

operational.

Conclusion

Disapproval on the basis of public need, given the broader negative impact of the FASC on the delivery of essential inpatient and outpatient healthcare services to the residents of Jefferson County resulting from the negative impact of the FASC on SMC, a CMS designated Sole Community Hospital.

Program Analysis

Program Description

Proposed Operator	Northern New York ASC, LLC
Doing Business As	Northern New York Center for Surgery
Site Address	1815 State Street Watertown, New York 13204 (Jefferson County)
Surgical Specialties	Ophthalmology
Operating Rooms	1
Procedure Rooms	1
Hours of Operation	Initially, the Center will be open two days per week, 7:00 a.m. to 3:00 p.m. for regularly scheduled cases. Other hours will be available, if needed, to accommodate scheduling issues
Staffing (1st Year / 3rd Year)	3.0 FTEs / 3.0 FTEs
Medical Director(s)	Noaman Sanni, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Expected to be provided by Samaritan Medical Center 2.3 miles / 7 minutes
On-call service	If a patient requires assistance during hours when the Center is closed, the patient will call his surgeon's service and will be directed to the surgeon or to another ophthalmologist on call

Character and Competence

The members Northern New York ASC, LLC are:

Member	%
CFS-Watertown Holdings, LLC	85%
<i>Noaman Sanni, M.D. (100%)</i>	
Debra A. Koloms, M.D.	15%

Dr. Sanni is a board-certified practicing ophthalmologist with over 24 years of experience. Since July 1995, he has operated a private practice, the Center for Sight, in Watertown, New York. Dr. Koloms is also a board-certified ophthalmologist who works at the Center for Sight. She has 30 years of experience performing many cataract procedures and over 1,000 radial keratotomy procedures. In addition, she has performed many corneal transplants, oculoplastic procedures and a wide variety of ophthalmic procedures.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Dr. Koloms disclosed an incident that occurred in April 2013 and was reported in February 2015 involving a patient who alleged that removal of a cyst resulted in needing additional surgery and scarring. Dr. Koloms stated that she was not the original surgeon, however, she did revise the patient's scar. The claim was closed on March 21, 2016 for \$10,500.

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

Integration with Community Resources

The center will encourage and facilitate the establishment of a relationship with a primary care provider if a patient has not already done so. The surgery center will work with (and accept referrals from) two local federally qualified health care centers as well as participate with traditional Medicaid and Medicaid managed care plans. In addition, the center will have a financial assistance policy and sliding fee schedule for services for those who express hardship in paying for services.

The applicant intends on utilizing an Electronic Medical Record and will consider participating in a Regional Health Information Organization (RHIO)/Health Information Exchange (HIE). Additionally, the applicant will consider participating in one or more Accountable Care Organizations (ACOs) subject to its eligibility to do so.

Conclusion

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Financial Analysis

Lease Rental Agreement

The applicant has submitted an executed lease for the proposed site, the terms are summarized below:

Date:	March 5, 2018
Premises:	4,300 gross square feet located at 1815 State Street, Watertown, New York
Landlord:	1815 State Street, LLC
Tenant:	Northern New York ASC, LLC
Term:	15 Years with renewal options for 2 additional five-year terms.
Terms:	\$107,500 (\$25.00 per sq. ft.) Base rent will increase 2% annually starting in year six.
Provisions:	Tenant will pay for utilities, taxes and insurance)

The lease is a non-arm's length lease arrangement. The applicant has submitted an affidavit attesting to the relationship between landlord and tenant in that the sole member of 1815 State Street, LLC is Noaman Sanni, M.D., the majority member of the proposed FASC. Letters have been provided from two New York licensed realtors attesting that the rental rate is of fair market value.

Administrative Services and Billing Agreement

The applicant submitted an executed Administrative Services and Billing Agreement, summarized below:

Date:	March 5, 2018
Contractor:	M.B. Kayani Physicians, P.C. d/b/a Center for Sight
Licensed Operator:	Northern New York Center ASC, LLC
Services Provided:	Billing, claims collections, tracking accounts receivable, monthly reporting, coordinate prior authorizations, pre-determinations, follow operator's charity care policies, budget services and computer support as well as human resource support.
Term:	1 year with automatic renewal each year thereafter.
Compensation:	Monthly Fee of \$4,000 (\$48,000 annually)

The Agreement provides that Northern New York Center ASC, LLC retains ultimate authority, responsibility and control in all final decisions associated with the services. In accordance with the Department's Administrative Services Agreement (ASA) and Contract Standardization Policy effective December 13, 2016, the terms of the executed ASA must acknowledge the reserve powers that must not be delegated to ensure that the Licensed Operator retains ultimate control for the operations. The applicant has submitted an executed attestation, as required under the new policy, acknowledging understanding of the reserve powers that cannot be delegated, and that they will not willfully engage in

any such illegal delegations of authority. Compensation was accounted for in the budget and depending on needs and services can vary slightly.

Total Project Costs and Financing

Total project costs are estimated at \$2,385,457 broken down as follows:

New Construction	\$1,557,938
Site Development	51,500
Design Contingency	153,375
Construction Contingency	76,688
Architect/Engineering Fees	159,413
Other Fees	50,000
Movable Equipment	286,506
Telecommunications	15,000
Interim Interest Expense	20,000
CON Application Fee	2,000
Additional CON Processing Fee	<u>13,037</u>
Total Project Cost	\$2,385,457

Project costs are based on a construction start date of November 1, 2019, with a seven-month construction period.

The applicant's financing plan is as follows:

Members' Equity	\$425,177
Equipment Loan (7-year term, 5.5% interest)	265,280
Tenant Improvement Loan (10-year term, 5% interest)	1,185,000
Landlord Construction Loan (10-year term, fixed interest rate TBD)	<u>510,000</u>
Total	\$2,385,457

BFA Attachment A is the personal Net Worth Statement of the applicant members, which indicate sufficient liquid resources exist to fund the equity requirement for project costs. Watertown Savings Bank has provided a letter of interest to finance the applicant's tenant improvement loan and the equipment loan at the stated terms, and the landlord's construction loan with a fixed interest rate to be determined.

Operating Budget

The applicant has submitted first and third year operating budgets, in 2018 dollars, summarized below:

	Year One		Year Three	
Revenues	Per Proc.	Total	Per Proc.	Total
Commercial (FFS & MC)	\$640.65	\$426,675	\$641.29	\$452,751
Medicare (FFS & MC)	\$583.01	528,204	\$583.23	560,485
Medicaid (FFS & MC)	\$524.72	58,244	\$523.75	61,803
Private Pay	\$640.65	23,704	\$644.95	25,153
TriCare	\$585.85	<u>53,898</u>	\$583.59	<u>57,192</u>
Total Revenues		\$1,090,725		\$1,157,384
Expenses				
Operating	\$265.60	\$491,095	\$265.46	\$520,560
Capital	<u>\$177.73</u>	<u>328,619</u>	<u>\$148.50</u>	<u>\$291,216</u>
Total Expenses	\$443.33	\$819,714	\$413.96	\$811,776
Net Income		<u>\$271,011</u>		<u>\$345,608</u>
Utilization (Procedures)		1,849		1,961

Utilization by payor for the first and third years is anticipated as follows:

<u>Payor</u>	<u>Years One & Three</u>
Commercial (FFS & MC)	36%
Medicare (FFS & MC)	49%
Medicaid (FFS & MC)	6%
Private Pay	2%
Charity Care	2%
TriCare	5%

The applicant initially projected first-and-third year utilization at 3,346 procedures and 3,546 procedures respectively, which is 45% higher than the current budgeted utilization. At the Department's request, the applicant reevaluated the projections and determined that they had been overstated as they included procedures being performed in the physicians' office practice that would not be transitioning to the ASC setting. Based on the doctors' actual experience during 2018, utilization projections were revised downward to exclude minor procedures determined to be more efficiently performed in an office-based exam room (almost 90% of the reduction) as well as certain complex surgeries requiring general anesthesia, including corneal transplants and strabismus, that would more appropriately continue to be performed in a hospital operating room. Only laser procedures and other minor surgical procedures currently being done in the ASC as well as cataract surgeries currently being done at SMC are reflected in the new budget and intended to transition to the ASC. The applicant further advised that cases currently performed at Claxton-Hepburn Medical Center, Gouverneur Hospital and Lewis County General Hospital will not be moving to the FASC.

Revenues by payor were projected based on the revised lower volume and revised mix of procedures and using an average payment rate across the CPT procedures for each payor category. Revenues were adjusted from the original submission to reflect the lower volume and revised mix of procedures and the reimbursement rates applicable to these cases (laser and cataracts in particular) projected to be performed in the ASC. Revenues are based on the 2019 Medicare fee schedule and adjusted as follows: the average Commercial and Private Pay rates are projected at 110% of the average Medicare rate, Medicaid is projected at 90% of the average Medicare rate, and TriCare is projected at 100% of the average Medicare rate. Despite the 45% reduction in projected procedures from the original submission, the revenue projection for the ASC remains relatively constant since almost 90% of the reduction was for procedures with relatively low payment rates and this has the result of increasing the average payment rate per payor category. In addition, the payor mix of procedures was revised from the original submission, with 3% higher Medicaid procedures projected (at 90% of the Medicare fee schedule) and 3% less Commercial procedures (at 110% of the Medicare fee schedule).

Expense and utilization assumptions are based on the experience of the physicians in their private medical practice. The physicians have submitted letters in support of the procedures they expect to perform at the FASC. CPT code applicable Medicare payment rates and costs have been provided in support of the budgeted revenue and expense projections. Laser surgeries are expected to account for 51.7% and cataract surgeries will account for 34.4% of the total projected year one procedures. For cataract surgeries, the cost of the lens is projected at \$130 and the surgical supply pack cost is \$100 for a total supply cost of \$230. The budget appears reasonable.

Capability and Feasibility

The total project cost is \$2,385,457 for construction and moveable equipment. The applicant will fund the cost via members' equity of \$425,177, a \$265,280 equipment loan at 5.5% interest for a seven-year term, and a leasehold improvement loan for \$1,185,000 at 5% interest for a ten-year term. The landlord, 1815 State Street, LLC, will provide the remaining \$510,000 to fund the shell space construction via a ten-year loan with a fixed interest rate to be determined. Watertown Savings Bank has provided a letter of interest for the tenant improvement and equipment loans at the stated terms. Watertown Savings Bank has also provided a letter of interest for the landlord's construction loan at the stated terms with the interest rate to be determined.

Working capital requirements are estimated at \$135,297 based on two months of third year expenses. Working capital will be funded via \$67,649 equity from the proposed members' personal assets with the \$67,648 balance to be financed over a five-year term at 5% interest. Watertown Savings Bank has provided a letter of interest at the stated terms. Noaman Sanni, M.D. has submitted an affidavit indicating he will provide equity disproportionate to the ownership interest. BFA Attachment A is the net worth statements of the applicant members, which supports the ability to meet equity and working capital requirements. BFA Attachment B is Northern New York for Surgery, LLC's pro forma balance sheet, which shows operations will start with \$229,693 in members' equity.

Northern New York for Surgery, LLC projects an operating excess of \$271,011 and \$345,608 in the first and third years, respectively. Revenues are based on the current 2019 Medicare fee schedule adjusted for Medicaid at 90%, TriCare at 100%, and Commercial and Private Pay at 110% of the average Medicare payment rates for ophthalmology cases. The budget appears reasonable.

Subject to the noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Supplemental Information

Surrounding Hospitals

Below are presented summaries of responses by hospitals to letters from the Department asking for information on the impact of the proposed ambulatory surgery center (ASC) in their service areas. The Department sent letter to the following hospitals:

Samaritan Medical Center --- **See Response Below**
830 Washington Street
Watertown, New York 13601

Claxton-Hepburn Medical Center --- **See Response Below**
214 King Street
Ogdensburg, New York 13669

River Hospital, Inc. --- **See Response Below**
4 Fuller Street
Alexandria Bay, New York 13607

Gouverneur Hospital --- **No Response**
77 West Barney Street
Gouverneur, New York 13642

Carthage Area Hospital Inc --- **No Response**
1001 West Street
Carthage, New York 13619

Facility: Samaritan Medical Center

The three surgeons performed 830 cases in 2017 and 893 cases in 2018 at Samaritan Medical Center (SMC). Of these cases (in both years), over 70% were Medicare and approximately 12% were Medicaid. SMC indicated their ORs have excess capacity and the surgeons are allocated 34,650 minutes of block time, but only use about 68.5% of that time. The hospital can offer more time to the surgeons if needed and thus there is no need for another provider in the community. SMC contends that lost revenue from the service line will destabilize other surgical services by impacting the hospital's ability to cover fixed costs. SMC calculated that the hospital received \$2,126,962 in net patient service revenue from the 830 cases performed in 2017. Adjusting for total operating expenses of \$1,418,167 for these cases, SMC calculated a net operating gain of \$708,709 for these surgery cases in 2017. For 2018, SMC calculated that the annual operating contribution margin, after accounting for the elimination of variable expenses, is

approximately \$1.2 million for these surgery cases. SMC's ambulatory eye surgery service is profitable overall and buffers losses related to other services (inpatient and outpatient) SMC provides. In addition, SMC supports a wide range of other healthcare partners in the region. Loss of this operating margin represents a direct hit to SMC's bottom line.

SMC's 2018 certified financial statements indicate the consolidated entity generated operating income of \$4,285,714, had non-operating income of \$10,592,117, resulting in an excess of revenue over expenses of \$14,877,831. The consolidated entity includes the accounts of SMC and its Affiliates (a CAH, two nursing homes, a certified home health agency, a captive P.C., and a Foundation). Non-operating income included a \$9,863,000 one-time revenue distribution paid to SMC from the sale Medical Liability Mutual Insurance Company (MLMIC) to Berkshire Hathaway in 2018.

The ambulatory surgery service line component of SMC cannot be uncoupled in the entity's financial statements; however, review of the 2018 ICR (Exhibit 46) and Allowable Cost Stepdown calculation indicates that this service line accounted for 7.5% of total net patient service revenue and 7.4% of total cost. As a discrete service line (and excluding depreciation stepdown costs), net operating income related to the ambulatory surgery service line contributed \$4.3M to the hospital's overall operating margin. SMC confirmed that its total ophthalmology procedures accounted for 1,346 (9%) of the total 14,419 ASC procedures performed at the hospital in 2018. Per SMC's calculation, ophthalmology procedures generated a net operating income contribution of \$1.2 million which represents 28% of the total net operating income for SMC's overall ambulatory surgery service line, while the 893 ophthalmology cases proposed to migrate to the FASC account for 6% of SMC's total ambulatory surgery procedures.

Per the Department's analysis, the loss of net income from the 893 ophthalmology ambulatory cases represents 0.4% of SMC's total operating revenue in 2018, however this equates to \$1.2M (or 28%) positive contribution to the consolidated entity's total net operating income of \$4.3 million. While the Department cannot conclude that the loss of these eye surgery cases will result in the closure of SMC, the loss represents a substantial impact to its operations and its ability to support other essential health care services and initiatives in the region given its designation as a Sole Community Hospital.

Facility: Claxton-Hepburn Medical Center

According to Claxton-Hepburn Medical Center (Claxton), one of the participating surgeons performed approximately 165 procedures at the hospital in 2017, which represented approximately \$367,093 of net patient service revenue or 0.3% of its total operating revenue based on the hospital's 2017 patient volume for ophthalmology surgery. Claxton has not provided any updated information for 2018 and the applicant has advised the Department that cases currently performed at Claxton-Hepburn Medical Center will not be moving to the FASC.

There is no financial impact to Claxton-Hepburn Medical Center of the proposed ASC.

Facility: River Hospital

River Hospital is opposing the application because they have made significant investments in ophthalmology technology with a goal of developing a robust ophthalmology center in the future. While the proposed ASC will be 30 miles from the hospital, and the surgeons have admitting privileges at the hospital, River acknowledges that none of the surgeons have performed procedures at the hospital.

There is no financial impact to River Hospital of the proposed ASC.

Supplemental Information from Applicant

Need and Source of Cases: The Center will provide ambulatory surgery services to patients of its medical staff members. All of the members of the Center's medical staff are employed by M.B. Kayani, Physician, P.C. d/b/a Center for Sight. The applicant believes that community members should have the opportunity to have cataract surgery performed at a free-standing, state-of-the-art ambulatory surgery center specializing in eye procedures, which will be more patient friendly, convenient and less intimidating than a hospital outpatient setting and will result in lower costs for patients and payers. The Center would be the first freestanding single-specialty (ophthalmology) ambulatory surgery center in the North Country.

DOH Comment

The Department suggested the applicant and SMC consider a joint venture FASC. Both the applicant and the hospital rejected any consideration of such an arrangement. SMC stated that the additional capacity represents an unnecessary cost to the community, and the hospital would still lose revenues they currently realize. The applicant stated they were not interested in a joint venture.

Attachments

BFA Attachment A	Personal Net Worth Statement of Proposed Members of Northern New York for Surgery, LLC
BFA Attachment B	Pro Forma Balance Sheet of Northern New York for Surgery, LLC
BFA Attachment C	Organizational Chart of the Proposed Members
BHFP Attachment	Map

NORTHERN NEW YORK ASC, LLC
d/b/a Northern New York Center For Surgery

OPENING DAY PROFORMA BALANCE SHEET

ASSETS

CURRENT ASSETS

Cash Balances	\$ \$136,460
Accounts Receivable – Net	\$ <u>-0-</u>
Total Current Assets	\$ \$136,460

PROPERTY

Facility Improvements	\$1,128,000
Equipment (net of depreciation)	\$ <u>265,284</u>
Total Property	\$1,393,284

INTANGIBLE ASSETS

Project Start-Up Costs and Application Fees	\$ 218,229
---	------------

TOTAL ASSETS	\$1,747,973
---------------------	--------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES \$ -0-

LONG-TERM LIABILITIES

Tenant Improvement Loan	\$1,185,000
Equipment Loan	\$ 265,280
Working Capital Loan	\$ 68,000

Total Long-Term Liabilities	\$1,518,280
------------------------------------	--------------------

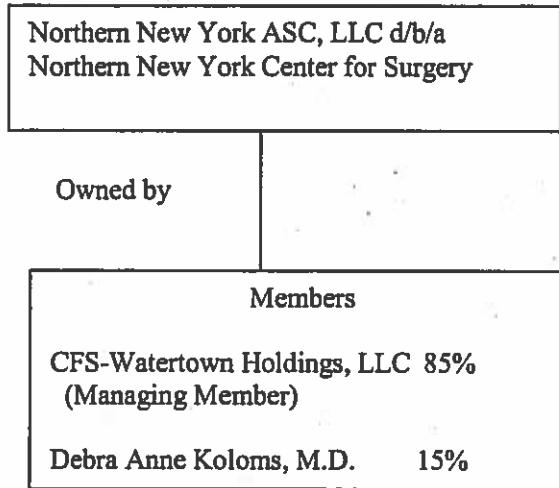
TOTAL LIABILITIES	\$1,518,280
--------------------------	--------------------

LLC CAPITAL	\$ 229,693
--------------------	-------------------

TOTAL LIABILITIES AND LLC CAPITAL	\$1,747,973
--	--------------------

**CERTIFICATE OF NEED APPLICATION
OF
NORTHERN NEW YORK ASC, LLC**

Organizational Chart



CON 181193-Northern NY Center for Surgery

